ADDITIONAL WEATHER - PAGE TWO

Clerical sources said troops also withdrew from the other holy city

of Qom, 80 miles south of Telaran.

this morning where a similar pro-test parade was held by 200,000

Massed around the Mashhad

shrine hearing black mourning banners, the Shute Moslens, who

include virtually all Iran's 34 unl-lion persons, heard recitations from

the Koran relayed through 60

loudspeakers. Religious leaders, Sheikh Abbas

Tabasi and Abdul Karım Hashemi-

nejad, then spoke to the crowd, de-manding substitution of the mili-

tary regime by a government based on the tenets of Islam.

led student government at Frank-

furt University for encouraging the violence by passing out handbills reading: "The more who come the better. The demonstration should

not only have a lot of people hut also remain unforgettable in other

A Maoist group, the Communist Federation of West Germany.

played a prominent role in the vio-

lence, he said, adding that about half the rioters were foreigners.

Millions in Iran

Said Sent to

Foreign Banks

TEHRAN, Nov. 26 (UPI) -

Nearly \$538 million was sent

out of Iran into foreign hank ac-

counts during September and

October by members of the roy-

al family, military feathers and officials facing corruption charges, central bank workers

A five-page statement issued by the workers during a protest

strike that began yesterday said that a total of \$1,889,920 had

been sent ahroad through per-

The statement added that an unknown antount left the coun-

said today.

sonal transfers.

statement said.

demonstrators.

200 Injured

Anti-Shah Protesters

Riot in W. Germany

U.S. Completes Removal

Jackson 2 The Capacida Committee of the 914 Bodies Counted In Jonestown Camp

"ler flew out of bere yesterday

The action troops the street growing ith the Jonestown campsite here growing ith the Jonestown campsite here. that there was no evidence of mass escape into the surroundmass escape into the surroundmass escape into the surroundone seems certain of the actual
ounder.

By current estimates, no more
than 32 of the men, women and

0.00

SHEXW

wil-Masiife

ARIS

ALL LARGE POR

D1350#

EXPORT

MONDS &

All Accounted For The body couot of 914 more than accounted for the number of cultists of the People's Temple that Guyanese officials believed were living in their country, although oo

distante lon Ex-Aides Describe Young Guru Processia Similar to Guyana Cult Leader

counging DENVER, Nov. 26 (UPI) - Two former assistants of the Guru uld Chipp Maharaj Ji have warned his estimated 15,000 American followers which he that they risk a plight similar to that of devotees of the Rev. James

The months in Guyana.

Remploymer Robert Mishler, who served as the guru's personal secretary and the Wheness president of his Divine Light Mission for six years, and John and hour land Jr., a former vice president of the organization, said Friday was "The hat Maharaj Ji had displayed behavior patterns like those of Mr.

main with the "lits possible something like what happened in Guyana could will be fine come about as a result of him [Maharaj Ji] being threatened," Mr. Hand said, calling the "similarities of behavior" between the 20-

a city similar to Mr. Jones' Guyana commune and was fascioated

HOTELS by weapons and gangsters. Stat RW "He fantasized about building such a city," Mr. Hand said. "And NIGHT (III) here is evidence everywhere be is capable of doing it."

idence that any force was used on children living at Jonestow the newly discovered victims, ac-

The bodies had blanketed the campsite in layers that in some places were three deep. The soldiers, protected by surgical masks and rubber gloves, would remove one body ooly to discover another under that and still another ooder that. That is wby the count kept changing.

ush prelandones in Guyana.

Stall II rear-old Indian guru and Mr. Jones "striking."
The two men said Maharaj Ji bad spoken frequently of building

Most are thought in have died in the mass ritual suicide that fol-lowed a cult ambush on an inspectioo party led by Rep. Leo Ryan, D-Calif., as it was peparing to leave from a nearby airstrip. Most took poison; at least three, including the cult leader, Mr. Jones, reportedly died of gunshot wounds. In addition, there have been per-

sistent but unconfirmed stories that still others who may have resisted suicide were shot by cult loyalists.

A survivor said Friday that he witnessed more shootings than are generally believed to have occurred. Another cult member. Tim Carter, said that he watched weeping women line up to receive the poisoned Kool-Aid mixture being distributed to members of the People's Temple and that he saw his own wife among them with her dead child in ber arms.

But during Mr. Carter's com-ments, another cult member burst in and accused him of lying.

[Mr. Carter and his brother, Mike, interrogated for three days by Guyanan police and then re-leased from a Georgetown jail yes-terday, said they fled the commune as cult members began killing themselves. United Press International reported. They were ordered, the brothers said, by a cult official to take a large suitcase and deliver it to the Soviet Embassy in George-town. They did not know the suit-case was stuffed with an estimated \$500,000 in cash, gold, diamoods security notes until they opened it after they had left the the camp, they said. They said the suit-(Continued on Page 2, Col. 5)



Hundreds of anti-shah protesters turned out yesterday in Tehran to pay tribute to those killed in recent riots. But troops guarding graves prevented them from holding a demonstration.

Confident of Agreement

Sadat Unsure Pact Will Meet Deadline

CAIRO, Nov. 26 (UPI) - President Anwar Sadat, citing problems in peace-treaty negotiations with Israel, said today be was not sure a peace pact could be reached before the target date of Dec. 17.

Mr. Sadat said the dispatch of a report on the Egyptian position to President Carter will be delayed until Tuesday because certain amendments must be made in the

Mr. Sadat spoke to reporters on the lawn of his vacation home oorth of Cairo after meeting with a high-level committee charged with drawing up an Egyptian "assess-ment" of the situation in the deadlocked negotiations.

At one point Mr. Sadat laughing-ly pleaded with reporters, "Please let me take a walk. I am an old man and I need it. Otherwise, I suffer beart [pains]."
The committee, chaired by Vice

President Hosny Mubarak has been assessing the situation in the oegotiations, oow in their seventh

'Linkage' Deadlock

The talks are deadlocked over the issue of "linkage" to progress in resolving the Palestinian problem. Another dispute centers oo Egypt's commitments under a joiot Arab defense pact that obligates it to assist other Arab states militarily if they came under attack.

Mr. Sadat was asked if the treaty could be signed by Dec. 17, the target date mentioned in the Camp David framework.

(Continued on Page 2, Col. 1) U.S. 'Astonished'

"I cannot set a date," he replied,

"but I am sure of one thing sconer

or later we shall be signing an

This does oot mean that I am pes-

Mr. Sadat said he read the "draft

Israel Prints Text of Annex On Restoring Ties to Egypt

By William Claiborne

JERUSALEM, Nov. 26 (WP) - ed form a "misunderstandiog" of The Israeli government vesterday released the text of the core of its proposed peace treaty with Egypt -the normalization of relations af-ter three decades of an implicit state of war.

Entitled "Annex III." the document spells out for the first nine publicly the essence of what both countries have been striving for in 12 months of oo-and-off oegotia-

It provides for borders opened to trade and tourism; an end to ecooomic boycotts; an exchange of embassies; cultural exchanges; free shipping oo the Suez Canal; cross-border aviation traffic; highway. rail and telecommunications links: and a full range of legal and political ties between the two historically

bostile peoples. Almost parenthetically, the anoex addresses in its next-to-last article what once was thought impossible by two countries that have fought five bitter wars - the mutual respect of each others' human

rights and freedoms. The parties affirm their commitment to respect and observe human rights and fundamental freedoms for all. And they will promore these rights and freedoms in accordance with the United Na-tions charter," the annex declares.

But, ebracteristically, the sweeping agreements oo mutual trust and friendship were made public amid no small measure of acrimony and mistrust

man George Sherman was quoted by Radio Israel as saying he was "astonished" that Israel had publicized the draft compromise treaty and the annex covering the normal-Israel, in turn, retorted through

high-ranking officials that it was Egypt, after all, that released the buy one and probably two ouclear treaty text late last week in the power plants, each of them capable semi-official Cairo oewspaper Al

Dayan said last night that the release of the annex dealing with oormalization of relations was a natu-

The reaction by Mr. Sherman.

Mohammed Reza Pahlavi and re-ligious leaders demanding his abdi-

When the huge mourning processions formed this morning, there

were no soldiers in the streets of the

city or near the shrine. Virtually the entire 700,000 pop-

ulation of Mashhad joiced the pro-

test parade and an estimated half a

million pilgrims trekked into the

city from outlying towns and villag-

FRANKFURT, Nov. 26 (AP) -

Student rioting triggered yesterday by a demonstration against Shah Mohammed Reza Pablavi of Iran

left 200 persons injured, 12 arrested

West German and U.S. ties to his

government.

About 1,000 marchers broke away from the parade and tried to storm the U.S. consulate near the

Frankfurt University campus, in-

juring 70 police guards.
"We feared for our lives," one of

the injured auxiliary policeman said after reinforcements came to

Clergymen in Mashhad said that martial law officers had asked relig-ious leaders to abandon the day of mourning, but they refused and advised the army to pull its men out of the holy oortheastern city.

northeast of Tehran, two at Kanga-var in western Iran and two police-men were reported killed at the an-cient capital of Isfahan in the cen-ter of the couotry.

set fire to government and other buildings, and to police and fire trucks trying to reach the flames. A political source said that there

might be as many as 35 deaths in Gorgan. There was no confirmation of the figure.
Western diplomatic sources said

that in Isfahan two policemen were killed, apparently shot by demon-strators who had seized their weap-

The sources said that many

knocked out by demonstrators. Curfew Increased

Martial law enforcers increased the Islahan curiew by four hours. It had been from 11 p.m. to 5 a.m. and oow is from 8 p.m. to 6 a.m.

cultural department.

The clashes occurred after the

two boly cities.

national general strike and a day of mourning today, saying that troops had pursued demonstrators at Mashhad Tuesday into the courtyard of the shrine and damaged it simistic, not at all, but there are problems which will take some

At least one person was killed and several wounded in the riots on Tuesday, one of many throughout

In University District

The rioting spread through the university district. Windows in banks and other business were shattered, traffic lights and signs uprooted, telephone booths demol-ished and several cars set afire.

Police chief Knut Mueller said the violence caught authorities by

surprise and that not enough police were on duty to prevent the rioting.

West Germany, had been approved by Frankfurt officials after the leaders promised to been it and the ders promised to keep it orderly. Mr. Mueller blamed the leftist-

13 Reported Killed In New Iran Clashes

Moslems Hold Protests

TEHRAN, Nov. 26 (UPt) - At least a dozen deaths were reported around fran today from clashes between government forces and Moslems angered by the desecra-tion of the nation's boliest shrine in

Mashhad by soldiers.

At least oine persons were be-lieved dead in Gorgan, 256 miles

Political sources said that Goran, on the Caspian Sea, was in flames in many areas after rioters

buildings in Islahan were set ablaze, including government prop-erty, private offices and homes. Telephones and electric power were

and property damages of more than \$100,000, police said today.

At least 100 policemen were hurt in the street fighting following a march through central Frankfurt by 8,000 tranian. Turkish and West German students protesting the shah's regime and condemning West German and 115 ties to his Thirteen persons were reported wounded to the clashes in Kangavar, including the chief of the local

shah's soldiers backed away from a much bigger showdown with about 1.4 million angry Shiite Moslems in

agreement. How long it will take, I do fiet know a speaking in English, then added to Arabic: Religious leaders had ordered a

with guofire.

Iran in the battle between Shah

what was to be published by each

country in advance of a signing.

(Even earlier, on Tuesday, the inde-

pendent Israeli oewspaper Ha'aretz published what it said were the

Israel's deputy prime minister, Yigael Yadin, added some fuel to

the controversy last night by accus-ing Egypt of "mutilating" its text of

the draft treaty by omitting a key sentence from the "priorities

(Continued on Page 2, Col. 1)

main points of the draft.)

water cannon and nightsticks to repulse the attackers at the front gate

of the building before they could cause any damage, consulate spokesman, William Pugh, said.

The rioters destroyed a construction site, erected street barricades and stoned the district police precinct. It was the worst street violence in the city in years, police

The march, organized by the Irunian Students Confederation in

try in commercial transfers. And \$536 million was sent into French, U.S. and Swiss accounts but codes were used to hide the senders' identities, the

> The workers said that the total represented only transac-tions of 100 million rials (\$1.4 million) or more. By comparison, Iran's annual oil revenues is \$20 billion.

Crowds Ask Foreigners About Democracy

Teng Defends Hua, Urges Unity By Jay Mathews

HONG KONG, Nov. 26 (WP) -Chioese Deputy Premier Teng Hsi-ao-ping responded today for the first time to Peking's growing pro-test movement with an endorse-ment of "stability and unity," a sig-nificant sign of official concern over wall posters appealing for democracy in China.

While Chinese and foreigners in Peking cootinued in hold extraordinary street seminars on human rights, Mr. Teng attempted to quiet reports of a power struggle by de-feoding the reputation of Hua Kuo-feng the premier and Com-munist Party chairman. The defense was made in a lengthy interview with visiting Japanese politi-

Mr. Teng said that Mr. Hua was not responsible for an uopopular decision to suppress an April 5, 1976, demonstration in Tienanmen Square that led to a defeat for Mr. Teng and his pragmatic social and economic policies. Mr. Teng told the Japanese that two April, 1976. central committee resolutions that censored Mr. Teng and promoted Mr. Hua might have to be modified, however, the Japanese news agency Kyodo reported from

A Chinese oews agency report of the 90-minute Teng interview only quoted statements by Mr. Teng

"Stability and unity have prevailed in China sioce the downfall of the Gang of Four," a dogmatic Polinburo clique headed by the wife of the late chairman, Mao Tse-lung.

Warning Apparent

printed throughout China as well as abroad, appeared designed to warn Chinese not in become too absorbed in protest against authoritarian rule at the expense of their

Teng probably also wished to assure foreign investors now beginning to plunge millions of dollars into the Chinese economy that the country would not be allowed to return to the political strife of the last 10 years of Mao's life since 1966. Wall posters attacking former

Sri Lanka Cyclone Reportedly Kills 300

COLOMBO, Sri Lanka, Nov. 26 (Reuters) — A severe cyclone has swept into the Arabian Sea after reportedly killing 300 persons in Sri

The cyclone, which struck on Thursday, left more than 100,000 homeless in Sri Lanka, according to the state-owned Daily Mirror news-

tific progress, rather than political debate and protest.

Mao bodyguard Wang Tung-hsing, now No. 5 in the hierarchy and who has special responsibilities for internal security, continued to go up in Peking. One poster called him an "insect" who "hrought disaster

to the masses." A diplomat reached by telephone indicated that the Chinese lie mel in the streets this weekend told him of their affection for Mr. Teng and their distrust of Mr. Wang and

some other leaders. **Unprecedented Conversations**

Such conversations mark an unprecendented departure for Chinese who, during much of the last 30 years, have been reluctant to discuss even the time of day with foreigners they have met on the street.

In telephone interviews, several foreign residents of Peking said that they were being mobbed by Chinese and deluged with friendly questions whenever they appeared at the four or five places in the city where there is a concentration of wall posters.

A diplomat said that a Chinese crowd cheered loudly today when Agence France-Presse correspondent Georges Biannic identified himself to a group of wall-poster read-

Several foreign sources said that the Chinese were jotensely interested in knowing if the wall-poster campaign had been reported (Continued on Page 4, Col. 2)

gree to conditions of such a sale quired by the U.S. Nuclear Nonroliferation Act, which President afarter signed into law last March. distance of the unitarity of the unitari is with Westinghouse.

The French are understood to know the inside track on the sale, lege lecturer.

In the first of the first operated by a saking for an export have the inside track on the sale, lege lecturer.

By Thomas O'Toole

NASHINGTON, Nov. 26 (WP)

The White House has agreed in

France sell China a U.S.-de-

France is still far from reaching

ch an agreement with China,

reement will be reached before

Talks bave been under way for at

license agreement with Westing-

ast six months between France

and Georgia and nuclear power plant if China shaked agrees not to extract plumnium om the plant's spent fuel to make

PAGE 11 urces said yesterday, but negona-

FOR Mostons between the two countries

FOR Mostons between the two countries

FOR Mostons between the two countries

CLASSIFIE hope that at least a tentative

end of the year.

nuclear weapon.

will grant export permission only if ada or West Germany. the French can win guarantees from the Chinese that the technolo-

DIAM rank Johnston of the Washington Deet Net Diameter of the Washington Deet Net Diameter of the Washington Deet Net De

rank Johnston of the Washington Post. Note the identification tag on the left ankle of the child.

But Wants Promise on Plutonium Use

gy will be used only for peaceful make such promises, in part because it does not want any foreign eyes "spying" on its nuclear developments. China possesses nuclear weapons and has been testing them

in the atmosphere. Tid China on the sale by France of If France and China can agree to least one 900.000-kilowatt oucle-power plant. The sale would be ade by Framatome, the French terms that prevent photonium extractioo without inspections, the United States will probably agree tclear contractor, which has the chnology to build the plant under to allow the French sale. While final White House approval is based on a more complex set of condi-tions, the basic stumbling block is

Westinghouse itself cannot sell him a nuclear power plant between the Chinese would occur power to China could come the sale of nuclear power to China could come the sale of nuclear power to China could come the sale of nuclear power to China could come the sale of nuclear power to China could come the sale of nuclear power to China could come the sale of nuclear power to China could come the sale of nuclear power to China could come the sale of nuclear power to China could come the sale of nuclear power to China could come the sale of nuclear power plant between the could come the sale of nuclear power plant between the could come the sale of nuclear power plant between the could come the sale of nuclear power plant between the could come the sale of nuclear power to China could come the sale of nuclear power to come the sale of nuclear power to come the sale of nuclear power to cow countries are understood to be eager to sell ouclear power to China and neither country is bound up in license agreements the way France

U.S. to Allow French Atomic Sale to China license, to make sure plutonium is sources said, because the Chinese out diverted out of any spent fuel.

France has oo such law, but it design to either the German or oceds U.S. agreement in export the Canadian design. Presumably, Chitechnology it has under license na could also buy enriched uranifrom Westinghouse. The Carter administration has told France that it plant. It could not do so from Canada and the could not do so from Canada and the

Turnout Heavy In Indian Vote

NEW DELHI, Nov. 26 (Reuters) - Voting was heavy today in the northeastern Indian constituency of Samastipur in a parliamentary by-election that will test the popularity of former Prime Minister In-

More than 12,000 armed police guarded polling stations in the Bihar state constituency, where clashes were reported today after tense and bitter electioneering Mrs. Gandhi, appearing confident after her personal triumph in a byelection last month, campaigned

vigorously for her Congress Party's candidate, Mrs. Tarkeshwari Sinha. a former deputy finance minister. The ruling Janata Party, which won the Samastipur seat with a huge majority in the national elections last year, has cominated Ajit Kumar Mehta, a little-known col-

It is not known whether U.S. Energy Secretary James Schlesinger discussed the sale on his recent trip in China, but observers presume he did. Just what Mr. Schlesinger may have recommended in the White House on the sale, if he recom-

mended anything at all, is not clear.

Opposition to the sale of nuclear power to China bas come from the Pentagon and from Congress, but not necessarily for the same rea-sons. The Pentagon has opposed the sale on grounds the Chinese can copy reactor, pump and valve designs to produce ouclear power for submarines.

Some members of Congress opoose the sale of nuclear coergy to Chioa because China still tests ouclear weapons and refuses to become a party to the nooproliferation treaty banning the spread of ouclear weapons. China has also shown no interest in joining the international Atomic Energy Agency, which polices the spread of ouclear weapons among member nations.

Chioa is understood to want to of generating 900,000 kilowatts of power. At today's prices, one plant would represent a sale worth at least \$500 million and two would top \$1 billion. Just where China wants to locate nuclear plants is ral sequel to that. unknown, but the first probably would be near Peking or Shanghai.

Characteristic Mistrust

U.S. State Department spokesization of relations.

Israeli Foreign Minister Moshe

Mr. Dayan said, apparently result-

The Chinese agency statement, which is likely to be broadcast and

Lanka and at least 10 in India.

Kengest supplier of atomic power

Vance Calls for Linkage Talks

By Bernard Gwertzman WASHINGTON, Nov. 26 (NYT) - Secretary of State Cyrus Vance says that Israel's acceptance of the

draft Egyptian-Israeli peace treaty text was insufficient to conclude the negotiations because it did not meet Egypt's insistence on some timetable fur giving auunomy in the Palestinians of the West Bank and Gaza Strip.

In an interview Friday with The New York Times, Mr. Vance politely differed with Israeli Foreign Minister Moshe Dayan, who said that there was no need for further negotiations and that Egypt should accept the draft treaty text on a "take it or leave it" basis.

"We think the issue is not determined yet." Mr. Vance said. "It is still an open issue because the parues bave not reached an agreement

Mr. Vance is hoping that the Egyptians and Israelis will in the end agree on a U.S. compromise pruposal — which Mr. Dayan him-self accepted on Nov. 11 — committing Egypt and Israel to make a "good faith" effort to hold elec-tions for Palestinian self-authority councils by the end of next year.

Loosely Worded

The United States believes that this proposal, which the Israelis have not formally rejected, stands a

is so loosely worded as to fall short of becoming a legally binding docu-

It is understood that this U.S. or is understood that this U.S. compromise proposal, in the form of a brief "side letter" to the treaty text, calls on the Egyptians and Israelis "to negotiate in good faith and continuously with the objective of holding elections not later than the end of 1979."

In addition, the proposal calls on the parties to begin negotiations for earrying out the West Bank-Gaza ment within a month after the

Guerrillas Kill Italian Officer

ROME, Nov. 26 (UPI) - Urban guerrillas trying in blow up a na-tional police station in the northern town of Tolmezzo wounded a policeman who tried in stop them early vesterday.

Police reported other terrorist attacks in Rome, Turin and on the island of Sardinia that caused minor damage but no casualties.

Officers said Carabinieri officer Valentino Rugo, 21, was wounded when he tried to stop several per-sons who were rigging a time bomb outside the police station at Tol-mezzo. Mr. Rugo fired back at his assailants but they escaped, officers

· The two countries agree that

here in November, 1977.

in detail for the public.

have never before been spelled out

Although Israli officials last

night said the release was a natural

conferred with Spanish leaders, who offered to help the United

States re-establish relations with

Sen McGovern, a member of the Senate Foreign Relations Commit-

tee, planned to confer with heads of

state in Tanzania, Mozamhique, South Africa, Rhodesia and Angola

in addition to attending the ninth

African-American conference start-

The U.S. contingent to the con-ference includes UN Ambasador Andrew Young, other members of Congress, and representatives of

corporations, the media, labor and

black community leaders.

ing here tomorrow.

Gulf of Aqaba.

Israel Prints Text of Annex On Restoring Ties to Egypt mutuality of interest in good neighborly relations."

(Continued from Page 1) clause." which states that the Egyptian-Israeli treaty will supercede in priority any agreements between

Egypt and other nations. There is no harm in this Annex No. 3 in comparison to the main body of the agreement. Actually, it just explains how the normal rela-tions will be executed," Mr. Yadin

In fact, the document may have been undervalued in Mr. Yadin's

Among other things, it declares:

• Egypt and Israel "recognize a

Pact Date Uncertain

(Continued from Page I) of the reassessment" made by the committee and "made some remarks to my colleagues and we sball be meeting again on Tuesday for the final draft.

"I had promised President Carter, the last time he phoned me. to send my assessment not later. than Sunday," Mr. Sadat said. "But the prime minister [Mustapha Khalill will meet with the America amhassador [Hermano Eilts] today tu convey a message from me to President Carter that I shall be needing until Tuesday.

Mr. Sadat was asked if be sought a resumption of the negotiations in Washington or preferreed a "new

"I have no objection to any place." he replied, "but we should find this time the proper language that will permit us to fulfil what public opinion all over the world wants from us.

Begin Endorsement

In Jerusalem, Israeli Prime Minister Menachem Begin today en-dorsed Foreign Minister Moshe Davan's position that there is no need to return to Washington for further peace talks at this time, the national radio said.

Mr. Begin made the endorsement at a meeting of the Israeli Cahinet during a hriefing on the peace talks with Lgypt The Cabinet concentrated in its four-hour session on economic and labor problems.

830,236 Travel to Mecca

JEDDAH, Saudi Arabia, Nov. 26 (UPI) — A total of 830,236 pil-grams have undertaken the annual Moslem pilgrimage to Meeca this year, Interior Ministry figures re-leased by the Saudi press agency said vesterday. The figure was 11 percent more than last year's 739,319.

WEATHER

WEAL		L L	
	C F		
ALGARVE	14 57	fetr	
AMSTEBDAM	3 37	STOW	
ANKARA	10 50	fair	
ATHENS	17 43	tair	
EBIRUT	22 72	fair	
BLGRADE	2 36	fog	
BBLIB	3 37	Overcost	
BRUSSBLS	4 30	fair	
EUCHAREST	11 52	misi	
EUDAPBST	1 34	too	
CASABLANCA	16 64	ciear	
COPBBHAGES	5 41	rain	
COSTA DEL SOL	17 63	foir	
	1 34	pvercust	
PUBLIN	3 37	tair	
EMMBURGH	11 52	mist	
LTOB B MC#	3 37	rokn	
fbankfurt			
GEBBYA	3 37	overcasi	
MELSINKI	 ♦ 21	fog	
ISTANBUL	17 55	tair	
LAS PALMAS	21 70	fgir	
LISEON	13 55	clear	
LONDOK	5 41	tgir	
LOS ANGBLBS	17 63	teir	

MADRID MIAMI MILAN MONTREAL STOCKH(TBBRAN TOKYD WASHIR

Egyptian-Israeli peace treaty is rati-

There should be a date to start; the negotiations promptly after the ratification of the treaty," Mr. Vance said. "Then, I believe, it is also reasonable and wise to try and set a target date for holding of the

In the U.S. view, it is necessary in set a target date to prevent Egypt from pulling out of the nego-

Egypt Response Awaited

The Egyptians have not yet responded officially in the Israeli Cabinet decision of last Tuesday in which it accepted the preamble, nine articles, and three annexes of the draft treaty text that was dated Nov. 11. On Thursday, Al Ahram, the semiofficial Cairo daily, published an Arabie text of the preamhie and nine articles.

English-language translations of the Arabie text as published were deemed inaccurate in part hy the State Department and, as a result the department, with Israeli and Egyptian approval, put out a "elean" copy of the original English text. The differences between

the two texts are mostly semantic. The United States was not in-formed ahead of time of the decision by Al Ahram to publish the text, and officials were informed Friday that Egyptian authorities were irked with partial disclosures of the text in the Israeli press and

wanted the full document printed. It is assumed by U.S. officials that the publication means that Egypt also accepts the preamble and nine articles, and the question now is what kind of linkage Presi-dent Anwar Sadat is pressing for. beyond the vague language in the treaty preamble. • The two countries will "foster

The Egyptians have not accepted mutual understanding and tolerthe timetable in Mr. Vance's "side anee and will . . . abstain from bosule propaganda against each letter," but have agreed to the key language of making a "good faith effort and of setting as an "objective" the achievment of elections. three Israeli airfields abandoned in the Sinai will be restricted to civil-The Egyptians want the target date to be the end of September, 1979. oot December, 1979.

The difference is important be- Roads and highways will be opened between the two countries, cause the Israelis, under the terms of the peace treaty, are due to pull and a new highway will be cootheir troops back to a withdrawal structed betweeo Egypt and Jordan line at El Arish in the Sinai nine months after the treaty ratification Normal telephone, telex and cable traffic will be resumed be-— or approximately September, 1979. The Egyptians want the peace treaty and the West Banktween the two couotries - the first time this has happened except for document to be synchrobrief periods after Egyptian Presi-dent Anwar Sadat's historic visit

The Israelis bave said they would out agree to any timetable and that they are finished negotiating. Prime Normal shipping will be opened in the Suez Canal and the Minister Menachem Begin has informed the United States privately, Israeli Foreign Ministry officials in recent weeks have alluded to many of these provisions, but they however, that Israeli negotiators would return for further discus-

difficulty in concluding the negotiations. Referring to the remaining linkage question, he said:

follow-up to the Egyptiao release of "If you can get them all agreed the treaty text, they also conceded on everything except this one piece of paper, which is one page and a that the annex puts forward the most popular aspect of the controquarter long, and you come down to the point that whether you're versial negotiations, and presumably will help placate some of Prime Minister Menachem Begin's hardagreed or not agreed on essentially two sentences to that piece of paper, it seems to me you've narline critics, who have criticized the peace talks as a "giveaway" by rowed the issues considerably and that there ought to be a way under those circumstances to find your way through it." Sen. McGovern

Egypt Seeks Resumption On Africa Tour

CAIRO, Nov. 26 (AP) — Egypt will ask President Carter to seek a KHARTOUM, Sudan, Nov. 26 resumption of the Washington Mideast peace talks with Israel, Premier Mustafa Khalil said yester-(UPI) — Sen. George McGovern, D-S.D., arrived from Europe yesterday in start a six-nation African tour. He flew from a three-day stopover in Madrid where he

He said Egypt considers Israel's take-it-or-leave-it approach as an ultimatum, and be charged that such an intransigent attitude does not serve the cause of peace.

Trudeau Creates **Economy Panel**

OTTAWA, Nov. 26 (UPI) Prime Minister Pierre Elliott Tru-deau announced Friday a major re-organization of his Cabinet, ap-pointing three new ministers, shuffling others and creating a Board of Economic Development Ministers. The development board will be composed of 11 ministers, header

by Robert Andras, formerly president of the Treasury Board. The three new ministers appointed by Mr. Trudeau were Pierre de Bane, minister of supply and services; Martin O'Connell, minister

of labor; and John Reid, minister of federal-provincial relations.

Mr. Reid replaced Mare Lalonde, who was named minister of justice. Energy Minister Alastair Gillespie was given the additional portfolio of science and technology. formerly held by Judd Buchanan,

Treasury Board. Andre Ouellet was named minister of public works and will retain his urban-affairs portfolio until that ministry is disbanded next March 31. Anthony Abbott was named minister of national reveoue and retained his position as minister of state for small business.

who was named president of the



flintlock rifle during a meeting with the Egyptian leader yesterday in Cairo.

Rhodesia Insurgents Switched Sides

Muzorewa Visits Zone Under Ex-Rebels

MANYENE TRIBAL TRUST LAND, Rhodesia, Nov. 26 (AP) — Brandishing a Communist-made AK-47 assault rifle and flanked by gunmen who said they have abandoned the guerrilla cause, black Rhodesian leader Bishop Abel Mu-zorewa said yesterday: "Peace has at last taken hold on our war-torn

Bishop Muzorewa, one of three blacks who joined last March with white Prime Minister Ian Smith in the guerrilla-opposed transition government, announced before a rally of 7,000 supporters that Manyene reservation, 90 miles south of the capital, is a new "cease-fire"

Government officials say that Manyene is 1 of 22 proscribed or "frozen" areas now policed by for-mer fighters of Robert Mugabe's Zimbabwe African National Union and local recruits who are armed with captured weapons.

. Third Zone Visited

In an unexpected lifting of the secrecy surrounding the adminis-tratioo's eight-month effort to persuade insurgeous to switch sides, Manyene is the third frozen zone where reporters have been invited in the last week, either by government or party officials.

The move is apparently aimed at showing that Salisbury has bad some success in trying to decrease the severity of the six-year war. It was made shortly before British sions if oecessary.

Mr. Vance at one point expressed some frustration with the difficulty in constitution with the

Each frozen zone has armed supporters of cither Bishop Muzorewa or a rival Salisbury leader, the Rev. Ndabaningi Sithole, arousing fears - particularly among Rhodesia's white minority - that the domestie peace effort increases the threat of black civil war after majority rule. Apart from divisions among the Salisbury black leaders, the two guerrilla armies also operate separately.

Despite official emphasis that the first loyalty of pro-government guerrillas, known as auxiliaries, is to the transition government, the deep rivalries between the various groups was underlined by accusa-uous yesterday from Rev. Sithole's party that auxiliaries of Bishop Muzorewa's United African National Council impose a "reign of

terror" in Manyene In an open letter to the white-led Defense Ministry. Rev. Sithole's spokesman, James Dzvova, urged that the Bishop Muzorewa's men be replaced by regular troops or auxiliaries aligned with Mr.

Bishop Muzorewa drove inun Manyene behind 40 buses carrying 2500 supporters from Salisbury.

followed by a long line of press Twenty auxiliaries, some elutching grenades as well as rifles, escorted him into the village — its

cluster of brick huildings pitted with gunfire from what police said was a Mugabe guerrilla attack last

U.S. Considers Action In Scaffolding Mishap

WASHINGTON, Nov. 26 (AP)

The U.S. Labor Department has asked the Justice Department to consider prosecution of Research-Cottrell Inc. of Bound Brook, N.J. the builder of a West Virginia cooling tower where 51 workers were killed in a scaffold collapse last April, a government source said

Under the Occupational Safety and Health Act, criminal charges can be brought against a corporation or individuals if it can be dem-onstrated they "willfully violated" federal safety standards in a way that resulted in the death of workers. The penalty for a corporation could include court-imposed fines.

by the 21-year-old commander of the Manyene auxiliaries, who identified himself as Mick Jagger.

Mr. Jagger, carrying an AK-47 and wearing blue denims and a baseball cap, said that he adopted the British rock star's name as a guerrilla identity "because 1 like Jagger's music" agger's music."

Mr. Jagger said that he slipped out of Rhodesia in 1974, trained in Tanzania and Mozambique, and fought in Rhodesia's eastern highlands for three years as leader of a 12-man guerrilla group. "I have stopped fighting now because we will get one man-one vote," he said. The police liaison officer said

that Mr. Jagger had 100 men in Manyene, 30 of them externally trained former guerrillas, the rest recruits from Salisbury or local

Mr. Jagger, party officials, and white advisers denied Sithole party claims that Mr. Jagger's men ter-rorize Manyene. "The local people support us very well," Mr. Jagger

The crowd complained to Bishop

Bishop Muzorewa was flanked Muzorewa about the four-month postponement until April 20 of the first universal suffrage elections— a transition government decision opposed by the bishop. They also declared that blacks would refuse

> Civilian aides of Bisbop Muzorewa's council said that the auxiliaries were in 9 of the 22 frozen zones - the remainder apparently policed by Sithole men.

tional Council would let officials of rival black parties campaign in their areas, Muzorewa spokesman David Mukome said: "In theory anyone can enter, but in practice it is difficult if it's oot your party

U.S. Completes Removal

914 Bodies Are Counted In Jonestown Cult Camp

from survivors.

were "under siege."

when they are released.

the United States.

remaining Jones adherents.

The survivors have been awaiting

witnesses and may return to

word from the Guyanese govern-

ment that they are no longer need-

(Continued from Page 1)

case was too heavy to carry so they stashed it and told Guyanan attthorities of it the next day. The case had a cote in it saying the contents should be delivered in the Soviet embassy.]

At the cult's beadquarters berc. four bodies with their throats slit were found on the same night in an apparently related act of violence timed with the Jonestown events. Authorites initially thought that these four bad committed suicide. Yesterday, a 43-year-old resident

of the beadquarters house, a man described by acquaintances as a "simple and uneducated man who would do anything be was told," was charged with murder in con-nection with the four deaths. Charles Beikman, originally of

Indianapolis, was arraigned in court here on charges stemming from the death of Sharon Harris and her three children, aged 9, 11 and 21. He also was charged with the ariempted murder of another resident of the bouse, Stephanie old and of no relation to the cult

Mr. Beikman stood silently as he heard the charges, which could re-sult in his hanging.

About 46 cult members were in the small two-storied stucco house in Georgetown at the time of the tragedy, local authorities say. According to surviving cultists, the residents housed those most trusted by "Bishop" Jones, as he

was known to the Guyanese. Only they could be counted on not to flee the cult and report to the outside world, survivors say. Residents of Jonestown, most of whom came in the belief that the

Murder Suspect Kills Self in U.S.

CHESTER, Ill., Nov. 26 (AP) -Gregory White, who was charged with hijacking an airliner and killing one of its passengers in 1971, hanged himself in his cell at the Chester Mental Health Center, the county coroner said yesterday.

Gary McClure, who ruled the death a suicide, said that Mr. White's body was found Friday night hanging by a bedsheet from a heat register, which supposedly was designed to give way under the weight of a burnan body.

regular military draft until after hlack rule.

Government officials will not say how much of the country frozen areas cover, but it is thought to be less than 7 percent and all in black reservations. The military said early this month that there were 2,000 auxiliaries aligned with the interim government, compared to 8,000 rebels. Manyene is one of Rhodesia's central areas oot beavily infil-

trated by guerrillas.

Asked if the United African Na-

Hai Hong refugees and is planning three more airlifts — Nov. 28. Dec.

161 on Initial Plane

First Hai Hong Refugees Are Welcomed in Canada

MONTREAL, Nov. 26 (AP) —
The first of four planeloads of Vietnamese refugees from the freighter Hai Hong arrived here from Malaysia last night.

A total of 161 refugees, most of them arrhytic Chipmen attention of the property of them arrhytic Chipmen attention of the country in 1975.

them ethnic Chinese, stepped off a Canadian military jetliner at Dorval Airport in Montreal.

Most of the refugees were smil-ing and appeared in high spirits de-spite the difficult journey that be-gan when they boarded the rusty freighter Hai Hong off the coast of

They were the first refugees re-moved from the Hai Hong, a steamer that brought 2,500 refugees to Malaysia on Nov. 9. They were prevented from coming ashore by the Malaysian government, which ruled that they had purchased the ship for \$5 million and did not qualify as legal refugees.

Malaysian Threat

Malaysia, which already has 40,000 Indochina refugees packed in crowded camps, had threatened to tow the Hai Hong back out to sea unless Western nations agreed

in take its human cargo.

The refugees arriving in Canada were dressed in shirts, pants and sweaters donated by the Canadian government in Malaysia after they

left the Hai Hong.

Canadian soldiers helped wrap each person in a blanket to fight off the cold weather. They also passed out socks to the refugees, most of whom were wearing only shoes or sandals

The first planeload was made up mainly of children and young parents. A Canadian government spokesman said the group included an infant who had been born on the freighter and was suffering from a fever.

30-Hour Flight

The refugees were taken by bus to a Canadian military base in Montreal, where they were to get some sleep after the 30-bour flight from Kuala Lumpur.

Of those on the first flight, 59 are planning on staying in Quebec, about the same number in Ontario and the rest in other provinces.

Canada is taking 604 of the 2,500

The United States, France, Belgium and other Western nations have also agreed to grant asylum to po sons aboard the ship.

Malaysia to Move Refugees

KUALA TRENGGANI Malaysia, Nov. 26 (UPI) - Mala sian authorities arranged today at move clusters of Vietnamese ren-gees stranded along the east com-beaches to camps, but at the same time they announced measures prevent more from landing.

Maj Gen. Ghazali Che Mat, the bead of a high-level task for formed to tackle the burgeoning refugee problem, told newsm during an inspection tour that a al surveillance will be used to he marine police and naval patrols.

The increased patrols, plus an extra 600 police volunteers have not been effective in checking the flow of refugees.

A 35-ship flotilla carrying an estimated 10,000 Vietnamese has been sailing along the coast dogget by the official boats trying to keep. them from landing. Several of the boats managed to sneak in and the refugees deliberately destroyed

Police sources said choppy send in the prevailing monsoon and the small Vietnamese boats have made detection difficult in the long coast-

5 Held in Smuggling Of Marijuana to U.S.

SUNBURY, Ga., Nov. 26 (AP) - Authoriues arrested five men as they attempted to unload about 20 tons of marijuana from a shrimp boat anchored bere, a U.S. Cns-toms official said yesterday.

State and federal agents said the 66-foot boat had carried bales of marijuana worth an estimated \$9.6 million. The five men were charged with smuggling marijuana with in tent to distribute it, the customs of-



James Jones, at age 10, poses with two cousins in Lynn, Ind. A neighbor, observing the future cultist leader prodding his friends with a stick into marching, said at the time: "He's either going to do a lot of good, or he's going to end up like Hitler."

Soviet Family Is Ready to Leave

After Waiting for a New Arrival MOSCOW, Nov. 26 (AP) - Once again, the Boris Katz family has tickets in leave the Soviet Union, this time with the baby girl

whose hirth delayed their departure. Mr. Katz said today that he, his wife. Natalia, and their two daughters would leave Moscow Wednesday after a week's delay during which he briefly had in turn in his hard-won exit visa. The Katz story goes back a year, to the day they applied for an exit visa in order to seek medical treatment for their daughter Jessi-

ca, who could not properly digest her food because of an ailment called malabsorption syndrome. The Katzes caught public attention in the United States, and were among 18 families about whom Sen. Edward Kennedy, D-Mass., spoke personally to Soviet President Leonid Brezhnev last

month. They finally received exit permission this month and were scheduled to leave last week, when Natalia gave birth to ber second child, The child's name is either Gabrielle or Gabriella, Mr. Katz said

today. "We'll think about it in America." The hirth of their second daughter meant that the Katzes had to re-enter the Soviet bureancratic maze in order to gain her exit permission. For her name to be added to her mother's exit visa, Mr. Katz said, be had to turn in the visas themselves, pick up the internal passports they had surrendered, and present these to get a

With some misgivings be went through this procedure, he said, and then received his exit visas back again in exchange for the

Chad Guerrillas Kill French Legionnaire PARIS, Nov. 26 (Reuters) - A

French legionnaire was killed and two were injured when a patrol of Chad troops and French soldiers was ambushed by rebels in central Chad, the French Defense Ministry

said yesterday.
The elash took place near Bokoro, about 100 kilometers east of Ndjamena, the Chad capital According to reports received here, six rebels of the Chad National Liberauon Front were captured. The government patrol, accompanied by a Foreign Legion unit, was on the south of Lake Fitri, the reports said. French forces have been supporting the Chad government against the rebel forces since March.

Referee Stabbed

A soccer referee in central Yugosla-via was stabbed to death by an angry fan after two players were gecied from the game, the Belgrade newspaper Borba reported today.

BELRADE, Nov. 26 (Reuters)



For reservations, contact your travel agent, any Hilton hotel or Hilton Reservation Service office in Frankfurt. Geneva, Hamburg, Lisbon, London. Madrid, Paris and Stockholm.



NAIROBI HILTON

In the centre of town, the Hilton is only minutes way from Nairobi National Park. The Amboseli Grill Room offers superbeausine in an East African setting with music and dancing. The I savo Restaurant and I vory Par offer a relaxing atmosphere. Sipadrink or enjoy a snack by the pool.

Take a sided and massage. Then return to your room for a spectacular. paneramic view.



TAITA HILLS LODGE At the gateway to Isavo National Park, Taita Hills

Lodge is a departure point for salaris into game filled Here you will find the height of luxury in the beart of the bush. Spacious bedrooms with baths one of East Africa's fruest dining rooms, tennis oures, a reautiful poin. Nearby you can see traditional African dancing in African village and buy locally made crafts.



SALT LICK LODGE

In the style of an African village. Safet lick is a complex of towers roofed in typical African thatch perched on stalts and connected by bridge-like walkways. Before it lies a natural saft-lick where the oeighbourhood's game come to wallow and be viewed from the lodge. the interior acc, the cocktail founge and the restaurant, which provides delicious cuisine, you can look down on elephant, buffalo, from and other species. **Nonallied Nations**

uges. Plans Second Year Reduced Arms Sales By Richard Burt

Vietname, SHINGTON, Nov. 26 (NYT) advacated, e Carter administration plans minimum, fuce arms sales to nonallied n 1975 is for the second year in a tates I take according to government officountries have increased their countries have increased their share when though the White House shares of the arms market. The two governments have not ruled out reductions in exports, officials said, a strategy designed to conother major arms suppliers

he administration means husihe in its policy of arms-sales

TRENGLAIL the officials said. Presihttp://carter is likely to put a ceiling
htmand sout \$8.5 billion on such exhtman he next year, a cut of 8 to 10
htman heat after inflation. The ceiling Vername next year, a cut of 8 to 10 doing the ent after inflation. The ceiling the ent after inflation. The ceiling the ent after inflation. The ceiling the hut at a dot apply to allied governanced the s in Western Europe or to the land.

The part of this strategy officials

hazah Cherred, Mr. Carter recently like the bragoo and the State Departition tomeer aircraft to South Korea oext will be used to sale, worth almost 5500 and naval paon, was to have been an Painte pld Brown's visit to South Korea oext will be used. The sale, worth almost 5500 and naval paon, was to have been an Painte pld Brown's visit to South Kona checking sarlier this month. Mr. Browns Secretary of State Cyrus Vance will a carry aid to have favored the sale to Victoring them South Korean defenses hilla carried aid to have ravored the carried aid to have ravored the country of the country of

Mais image transan Deferment Helped ing. Societificials said that the F-16 deciment sheat and the planned reduction in bring the reflect the White House combening the party to reduce according to the plant to reduce the plant being disness to reduce exports. They rowledged that a receot decision to reduce that a receot decision than \$1 iowledged that a receot decision of the control of

to unload a succeeds soon in getting other

and from ons, particularly the Soviet here, a con Britain and France, to cot in yesterday's political pressure from doleral agent stie arms producers would force ad carned to examination of the policy. h an estimates companies contend that the comen were the has allowed foreign arms manuant cerns to get what would have to it, the two Mey of less than the two Mey of less

o May of last year, when Mr. ter announced his policy of reing arms exports, be said that United States, as the world's log arms exporter, would united that your sales. Bot he said that pobcy would bave to be rewed if other major suppliers tinued to increase their exports.

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So far, administration efforts to involve Britain and France in arms restraint have failed. Officials report that over the last year both governments have not ruled out reductions in exports, officials said, but they have been insisting that the two leading exporters, the United States and the Soviet Union, must lead the way.

The administration began negotiations with Moscow on arms sales late last year. Although the talks are unlikely to produce an agree-meot soon. Mr. Carter is said by officials to have sent a letter recent-ly to British and French leaders pressing them to reduce exports. veral officials said that it was unlikely that they would do so oext

Efforts to get Moscow to cooperate on arms sales in the oext year also appear uncertain. Although Soviet leaders originally seemed cool to limiting exports, State Department officials have been surprised by recent sings of greater. surprised by recent signs of greater

Bilateral Curb Sought

At the next U.S.-Soviet meeting oo arms sales, scheduled for mid-December in Mexico City, the two sides plan to discuss limiting milisides plan to discuss limiting mili-tary exports to Latin America. Since neither the Soviet Union nor the United States exports much military equipment to that area, of-ficials believe that it is the easiest place to start. Among several ob-stacles to be resolved are such is-such as how Soviet-Cuban military sues as how Soviet-Cuban military ties would be affected and whether Moscow would be free to help guerrilla movements on the continent.

Flush Toilets Provided for Parisian Dogs

PARIS, Nov. 26 (Reuter) — Flush toilets for dogs have appeared on the streets of Paris, where pedestrians often have to pick their way gingerly along pavements soiled by canine

The toilets were set up Friday by a "Keep Paris Clean" group. They consist of coocrete bowls built into the pavement and sur-mounted by high posts. Taps on the pillars allow dog

owners to flush the bowls clean



A RIDE WITH GRANDPA — President Carter takes grandson Jason on Thanksgiving weekend spin through Cunningham Falls State Park, Md., near the Camp David retreat.

2 New Departments Proposed

Carter to Weigh Cabinet Reorganization

By Hedrick Smith

WASHINGTON, Nov. 26 (NYT) — By mid-December, President Carter is slated to receive preliminary proposals from his reorganization staff suggesting the creation of two new Cabinet departments and president the digmarking of the possibly the dismantling of the Commerce Department, administration officials said yesterday.

If the president goes along with the most ambitious of a series of reorganization options, administration officials said, it would mean setting op a Department of Eco-nomic Development, which would replace and expand the Department of Housing and Urban Devel-opment, and establishing a Depart-ment of Natural Resources, which would replace the Interior Depart-

But high-ranking administration officials emphasize that not only are these plans still to be reviewed by Mr. Carter, but they also have yet to he reviewed and approved by

James Melntyre, director of the Office of Management and Budget.
As they now stand, some of the proposals would have cootradictory effects. One, for example, would climinate the Commerce Depart-

ment and another would expand it.

The secretary of commerce Juanita Kreps, and ber aides are vigorously fighting the effort to disband grounds within the administration

tion is too costly politically," a retion is too costly politically, a retion in the Commerce Department, the
organization official remarked. Urban Development Assistance
"It's true, there's no option that
tion is too costly politically, a retion in the cost of the cost oot going to take some fancy foot-work on Capitol Hill. But in my opinioo it's do-able."

munity Service Administratioo in the Department of Justice and the proposed urban-development hank

Recognizing both political and that would be administered by bureaucratic obstacles, the admin- three Cabinet departments. istration has set aside earlier ideas about consolidating various programs aimed at environmental control and protection of workers and officials who cootend that they consumers, and about combing the work of agencies dealing with vari-

ous governmental health programs.
The president's one clear commitment is to renew an earlier pro-posal for a separate Department of

ously fighting the effort to disband their agency. The White House bas out yet iodicated its position.

Moreover, senior aides to Mr.

Carter are opposed to any significant recognition for example, that in the field of compounic development, there are

Carter are opposed to any significant reorganization fearing that it would arouse strong opposition of congressional committees, overload Coogress and strain White House relations with Capitol Hill.

"There's a hias that reorganization is too costly politically," a reorganization official

cannot deal with the federal bureaucracy. It is too complex and uncoordinated, they say, and duplications lead to unnecessary delay in obtaining federal aid.

WASHINGTON, Nov. 26 (WP)

— Documents released yesterday
by the Nuclear Regulatory Commission show that it cooducted an would have received C's.

In Government Rating of 51 Facilities

10 U.S. A-Plants Get C on Safety

informal safety rating of 51 nuclear power plants in the United States hat placed 10 of the plants in a Co. near New London, Conn.

"below average" category.

The 10 plants received a C ratiog grade from the commission for their safety performance in 1975. Violations were not brought the only year that the commissioo made such a rating on nuclear power plants. A spokesman said that commission cooducted three ratings of the 51 plants to see if it

could develop a system to improve plant performance and allocation Union of Concerned Scientists crit-

The documents containing ratiogs of the 51 plants in operation during 1975 were released by the commission as a result of a suit brought by the Union of Concerned Scientists under the Freedom of Information Act.

Two-Thirds Are 'Average'

of inspectors.

Two-thirds of the 51 plants were termed "average" in their approach to safety and received grades of B. One sixth were called "above aver-age" and won A's. The remaining 10 received C's.

The 10 plants with a C included plants tuo by Commonwealth Edi-son Co., one containing three nuclear reactors near Chicago, the other containing two reactors near Moline, Ill.; a reactor that makes up the Indian Point complex of Consolidated Edison Co. 30 miles from New York City, and the Surry nuclear plant operated outside of Newport News by Virginia Electric

The Union of Concerned Scientists is a public interest group in Cambridge, Mass., opposed to nu-clear power, Its spokesmao, Robert Pollard, said, "It is deeply disturbing that several of the reactors the commission rates as the poorest are located near areas such as New York and Chicago where millions of citizens reside."

In rating safety performance of the 51 plants, the commission graded them against each other and not against a standard of its own. The commission said: "This practically assures a mix of A's, B's and

Its system of grading did not take ioto account "violations" of commission safety regulations, the most serious charge against a truelear power plant. It only included "infractions," "deficiencies" and "licensee event reports" where nuclear plants had experienced an opcrating event, such as a temporary shutdown, that had to be reported to the commission.

The commission identified these two plants as the Zion, Ill., plant of Commonwealth Edison Co. near Chicago and the Millstone 1 plant of the Northeast Nuclear Energy

against the Indian Point plant of Consolidated Edison, which already had received a C for its safety

In its statements accompanying the commission documeots, the

it did not have enough safety in-spectors and did not cooduct enough inspections. It also criticized the commission for not levying suffer floes against electric companies violating commission regulations. The commission, asked for comment, said it now has 235 inspec-

icized the commission, saying that

tors who will cooduct an estimated 3,000 reactor safety inspections by the end of the year. The commission said that, since 1973, it has levied for safety tofractions 28 civil penalties against companies operat-

U.S. Moves to Reorganize Its Public Jobs Programs

WASHINGTON, Nov. 26 (NYT) tiveness and efficiency of the pro- U.S. Labor Secretary Ray Mar-shall, believing that mismanage-ment inefficiency and indifference are threatening the long-term credi-bility of the government's public tobs programs, is undertaking ma-jor revisions in the Labor Depar-ment's Employment and Training

Administration, aides say. The aides said that ineffective, slipshod and complacent federal management was contributing to fraud and abuse in the jobs programs around the country.

Mr. Marshall has already replaced a deputy director of the emplaced a deputy director of the em-ployment administration, which operates programs authorized by the Comprehensive Employment and Training Act (CETA) to pro-vide work and training for the unemployed. New regional ad-ministrators were recently installed in New York, Roston and Atlanta in New York, Boston and Atlanta,

A thorough reorganization of the employment administration has been planned. But it has been postponed uotil at least next spring while the agency prepares and car-ries out new CETA rules.

The aides said that the employ-ment administration, under the leadership of Emest Green, assistant secretary of labor for employment and training, did an excellent ioh over the last year and a half in achieving the primary goal of the public-service jobs programs: creating and filling 725,000 jobs.

Administrative Problems

But they added that administrative and personnel problems, most of them inberited from previous In the documents, the commis-sion pointed out that if it included "violations" of commission regula-grams because they called the effec-

ing nuclear power plants, for a total of \$434,750 in fines imposed.

— THOMAS O'TOOLE

By Philip Shabecoff

grams into question.
"We have \$11 billion going out under the CETA programs but

some of the managers simply do not understand the programs and have no sympathy for them," said Paul Jensen, executive assistant to Mr. Marshall.

Referring in the department's jobs-and-training effort. Alfred Zuck, assistant secretary of labor for administration and manage-ment, said, "Unless we can demon-strate the credibility of the programs, we run the risk of losing the programs." In large part because of ineffective management in Wash-ingtoo, that credibility has not yet

been established, he added.

Mr. Marshall said recently that was determined to improve the efficiency of the jobs-program management to prepare for expect-ed hudget cuts affecting the pro-

Front a peak of 725,000 jobs this year, the programs are scheduled to dip to 625,000 jobs by the end of 1979. According to government officials, President Carter's budget plans could produce a cut of at least \$1.5 hillion from the jobs programs in the 1980 fiscal year.

Special Office

Earlier this year the Labor De-partment organized a special office of investigations to look into alletions of fraud and abuse. Recently the department announced the formation of a program of fraudand-ahuse prevention.

Now Mr. Marshall and his aides are seeking to deal with major problems involving the administration of the jobs programs within the Labor Department bureaucra-

U.S. Navy Re-Examining Its Goals, Allied Relations

is re-examining its doctrine, missions and relations with allies in the light of its reduced power and the expansion of the Soviet Navy and

This re-examination is not coo-fined to the Navy. The Department of Defense, in planning for the next five years, is intimately involved. The other services competing for hudget dollars have strong views on how much defense funds should go to the fleet and how the fleet should be used in war.

should be used in war.

Powerful outside voices such as the Navy League, the Atlantic Council and members of Congress have joined the debate. In addition, many Navy alumni are prominent in industry, banking and the law and are oow linked with the industrial complexes that sell the Navy its ships, weapons and aircraft.
The re-examination is not con-

cerned solely or even primarily with the quarrel over whether the Navy should build huge ouclearpowered aircraft carriers or smaller cil-burning carriers.

The Atlantic Council, the governing body of the North Atlantic

Treaty Organization, recommended recently that the United States and other NATO members avoid building their fleets around a small oursber of "expensive vessels subject to damage or loss" such as cruisers and supercarriers.

Soviet Expansion The impetus for the Navy's reex-

amination is primarily the Soviet fleet's expansion. The intelligence community expects that the Russians will eventually deploy a navy of 775 ships after some of the submarines and light coastal craft built in the 1950s become obsolete. The United States, according to offi-cials in Washington, is headed for a Navy of 525 ships. The other NATO nations maintain a total of about 600 warships.

about 600 warsings.

The West's numerical edge is deceptive. NATO ministries admit, and Washington officials confirm, that although many of the allied hulls are relatively new, there is an alarming shortage of new weapons, especially guided missiles and antisubmarine and anu-aircraft-detection devices. tion devices. In a recent article in Strategic Review, Rep. David Emery, R-

Maine, identified what he termed the basic realities of this situation. Soviet submarines, he wrote, can fire ballistic missiles at West European industrial centers without leaving their ports. About 250 Soviet attack submarines could, in the absence of a NATO counterstrategy, effectively seal off the northernand southern approaches to Cen-

tral Europe in a war. Soviet land-

By Drew Middleton NEW YORK, Nov. 26 (NYT) — based aircraft would threaten the strategic sea lanes along the north-maritime supremacy, the U.S. Navy strategic sea lanes along the north-

ern and southern flanks of Europe. Soviet naval strategy, Rep. Em-ery wrote, "assumes as its primary military responsibility" the isolation of a European hattlefield from U.S. reinforcements. But there is no agreement oo Soviet naval priorities. Some NATO

officers believe the Russians' main effort at the outset of a war would be to support nuclear forces, with attacks on allied surface ships as a secondary mission. The Atlantic Council report coo-sidered that interdiction of allied

sea lines of communication would be only fourth on the Soviet naval priority list.
The United States has four major

naval missions - maintenance of antisubmarine-warfare forces capable of defeating ouclear or conven-tional operations by Soviet submarines; establishment of a virtually invulnerable sea-based strategic deterrent, primarily submarine-launched ballistic missiles; projection of air power at sea or ashore against stronger Soviet defenses, and chility to put amphibious forces ashore against powerful

opposition.
Ideally, the Navy would like to have the ships and mee to carry out all four missions. Realistically, it knows that this would stretch what it considers to be scanty resources. The administration's "Europe

First" strategy has alarmed one group in the Navy. Concentration on the Atlantic and the Mediterranean, its spokesmen hold, would be seen as the abandonment of Asian friends, particularly Japan, to the Soviet Union. This reflects the Navy's stroog feeling that any war with the Soviet Union in Europe would "automatically become a Pacific war because Russia is a Pacific

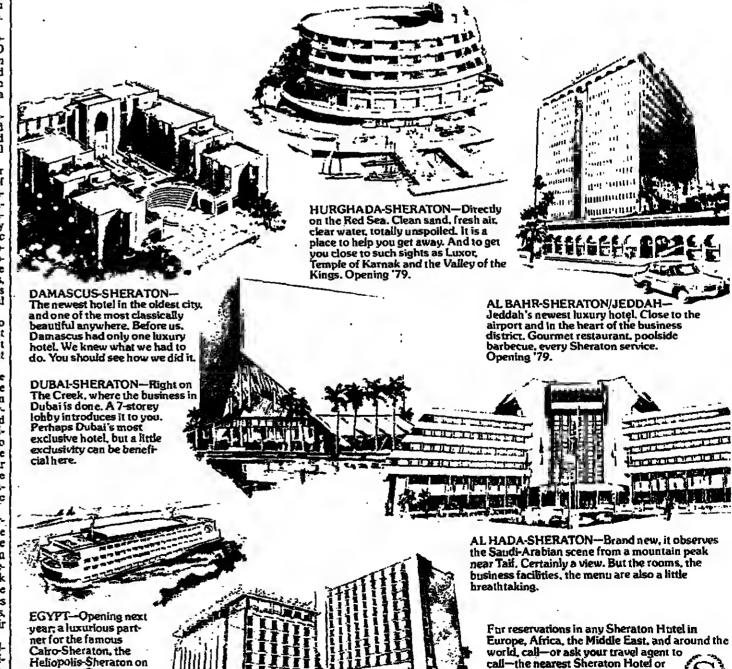
Current defense planning apparently envisions moving most of the Third Fleet from the Pacific to the Atlantic in the event of war in Europe. The Atlantic Council's report held that the carrier task forces of the Third Fleet would be more valuable protecting sea lanes in the Pacific and Indian Oceans, where there is less land-based air force available.

The Atlantic Council report, although it did not give a high priority to defending sea lines of communication, noted that the United States and NATO lacked the forces to protect all potentially essential shipping in a protracted war.

Soviet Envoy to Ethiopia MOSCOW, Nov. 26 (UPI) - The Soviet Union has named a former ambassador to Laos, Boris Kirnasovsky, as the ambassador to Ethiopia, Tass reported today.

Sheraton. The fastest-growing of the three luxury hotel chains.

And growing spectacularly with the Middle East.



Cairo-Sheraton, the Heliopolis-Sheraton on the way to Cairo Navigating the Nile next year; between Luxor and Aswan, two floating

Sheraron hotels. KUWAIT-SHERATON-A palace As the time of the opening of the Horels all of the lacilities may not be available or operations of a hotel, For business, every service. And when the work is done, every pleasure, including pool, sauna, massage, 3 lavish restaurants. The number one hotel in Kuwait. And that's why we've just opened another 200

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IN EUROPE AMSTERDAM BRUSSELS COPENHAGEN EINDHOVEN FRANKFURT ISTANBUL USBON LONDON LUXEMBOURG MADEIRA MUNICH PARIS STOCKHOLM TEL AVIV ZURICH AND IN AFRICA AND THE MIDDLE EAST AL HADA CAIRO DAMASCUS DUBAI HAMMAMET HURGHADA JEDDAH KUWAIT TEHRAN BOMBAY AND AROUND THE WORLD

kilometer if I had capital ats territorial his tend Nationall. one diplant त्याल क्यामूर Comm nat. ske latti ile ik Chair court abbed Non- Dorkale Every country does something best. e in cental)s a to death his and the high Canada makes Canadian Club. In Border Raids

Suspected Rebels Clash With Nicaraguan Forces

MANAGUA. Nov. 26 (UPI) — around an area known as El Castil-Suspected Sandioista guerrillas lao. There was no official confirma-tion from the National Guard or eral times with the Nicaraguan Natinnal Guard, causing several casualties, the National Guard said

It was not known if the military activity was an indication that the a much-advertised Sandinista gueril-la offensive had begun. The actions came as a reported guerrilla dead-line for the campaign to begin

The bloodiest clashes occurred before sunrise today oear the Costa Rican border to the south, according to military sources.

National Guard spokesman Cnl.
Aquiles Aranda Escobar told the
government newspaper,
Novedades, that on Friday mercenary invaders came across the oorthern Honduran border and at-

oorthern Honduran border and at-tacked a guard outpost in the vil-lage of Achuapa in Leon province. 200 miles north of Managua. Novedades quoted Cnl. Aranda Escobar as saying that guard troops repelled the attackers who dragged several wounded with them. He said there were no guard casualties.

Refugees in Honduras

Novedades said guard sources confirmed that troop reinforce-ments were sent to the Honduran border in the villages of Somotillo and Rio Negro. Io Honduras, there are an esumated 10,000 Nicaraguan refugees, and military sources here believe some are guerrillas.

It was the first reported raid from Henduras since September's civil war in Nicaragua.

In the south, military sources said that members of an toterna-tinnal brigade of the Sandinista National Liberation Front raided two border villages and attacked National Guard posts on the banks of the Palo de Arcos and Los Sabalos rivers, about 300 miles to the southeast.

The sources said the attackers withdrew into Costa Rica after the actions, the latest in several border incidents in the last few weeks. Nicaraguan intelligence sources believe the Sandinistas operate from

Costa Rican training camps, There were a oumber of casual-ties on both sides in the skirmisbes

Ex-Aide to Shah Accepts Lie Test

LONDON, Nov. 26 (NYT) — Starnak Zand, a former press aide to the Shah of Iran, agreed yester-day to take a lie-detector test io response to a challenge from Arnaud de Borchgrave of Newsweek maga-

Last week, Mr. Zand accused Mr. de Borchgrave and three other reporters of having accepted either gifts or expense money in return for favorable reports on the shah's regime. Mr. de Borchgrave denied the charge, offered to take a lie-de-tector test and issued a challenge to

his accuser to agree to do the same. Mr. Zand said in a telephone interview that he had "gone under-ground" in London because he feared for his life and left his hideout only in the companay of two karate-trained bodyguards. But he said he was willing to take a poly-graph examination at a time and place of Mr. de Borchgrave's choos-

tinn from the National Guard or from military commanders at the border region. But sources said the clashes did oot indicate that the much-anticipated Sandinista offen-sive was uoder way.

But they came nn the day a reported 36-hour guerrilla deadline for the start of the campaign

Last week there were several ma-jor clashes oo the southern border, including nne involving Nicaragu-an and Costa Rican troops. Two Costa Ricans were killed, and Costa Rican President Rodrigo Carazo Odio broke relations with Mana-On the political front, both sides

in the Nicaraguan dispute may still be willing to make concession spite their rejection of the U.S.-hacked peace formula designed in preveot the outbreak of civil war, diplomatic sources said. But analysts said internationally sponsored mediation appears to have col-

lapsed.
The 10-month Nicaraguan crisis bas pitted President Anastasio Somoza and his 10,000-man National Guard against an opposition force ranging from Sandinistas to businessmen, students, priests, law-

yers and intellectuals. Gen. Somoza's poliocal foes want to oust him, but he says he will not step down until his term expires in 1981. The U.S.-sponsored plan called for a national ple-hiscite to decide whether Gen. Somoza should step down.



Former President Richard M. Nixon, in Paris to appear on a French television show, waves to newsmen after arriving at Roissy-Charles de Gaulle airport aboard the supersonic Concorde.

Ex-President Keeping Low Profile

Nixon, Haig Confer Quietly in Paris

vately today with Gen. Alexander Haig, his furmer White House chief

Gen. Haig, who is supreme com-mander of Allied forces in Europe,

PARIS, Nov. 26 (UPI) — Former was enroute from a NATO meeting President Richard Nixon met prin Lisbon to his Brussels headquarin Lisbon to his Brussels headquarters. He stopped in Paris for a 90minute talk with Mr. Nixoo at the ex-president's botel.

Gen. Haig, wearing civilian clothes, slipped in a back door. Neither man said later what they had talked about Gen. Haig is widely considered to have all but ruo the presidency during the final troubled mooths before Mr. Nixon resigned in August 1974.

Mr. Nixoo is keeping a low profile after in Paris. He arrived here

last night, ducked a crowd of about 100 persons who had gathered out-side his hotel today in the Place Vendome and has had telephone calls referred to the message desk

Mr. Nixon is scheduled to ap-pear Tuesday on the government-owned French television octwork to answer questions phoned in by viewers and put on tape.

While saying that he had no ap-pointments with government offi-cials, Mr. Nixon had said that he planned to see some "old friends." And sources said that he will be the guest of honor at a succession of lavish dinner parties that may be attended by members of the gov-

ernment in a personal capacity.

Mr. Nixon added that he had hoped to see the widow of the late President Charles De Gaulle. But Mrs. De Gaulle has been all in ro cent weeks.

WELLINGTON, New Zealand Nov. 26 (AP) - Prime Minister Robert Muldoon's National Party retained control of the government in general elections yesterday but with a sharply reduced parliamen-

The count showed the moderatethe conservative Natity with 49 seats, the opposition Labor Party beaded by Bill Rowling with 42, and the Social Credit Party with one seat.

Before the election, the National Party had 53 seats, Labor 31, Social

Recounts Recounts were likely in

There was a swing of 4.5 percent of the popular vote in favor of Labor, more than public opinion polls had indicated, Mr. Muldoon's

government replaced the Labor Party io power three years ago.

The Social Credit Party more than dnubled its vnte of three years ago and edged Labor out at second place in a half-dozen districts. This trend, which had been predicted, was seen as a protest against the

bers were defeated. During the campaign, Mr. Rowling accused Mr. Muldoon's party

nf failing to stop ar reverse the rise in New Zealand's foreign debt and of being responsible for the highest unemployment rates since the 1930s.

Son of Marcos Appointed Aide

MANILA, Nov. 26 (Reuters) -

Mr. Marcos will name his wife. Imelda, as a deputy prime minister with a possible right of succession in an emergency. Mrs. Marcos is a Cabinet minister and the governor of Greater Manila.

Upoo his arrival Mr. Nixon said to reporters: "When I think my views would be useful I will speak out. But as far as a political comeback is concerned in the tradionnal

sense, I bave no such plans."

French television is not paying Mr. Nixon for his appearance but is providing travel and living ex-penses for him and his staff.

By Fox Burrerfield

-The wall-poster campaign in Pe-king moved yesterday from criti-

cism of Mao Tse-tung to demands

for democracy, as one acerbic broadside compared China unfa-vorably with the United States. An-

HONG KONG, Nov. 26 (NYT)

Ceausescu Resists Soviet Union Liner On Increased Military Spending S.

By Michael Dobbs

BELGRADE, Nov. 26 (WP) — in a major gesture of defiance toward the Soviet Union, President Nicolae Ceausescu has put on record Romania's refusal of a proposed increase in defense spending by the Soviet-led Warsaw Pact military alliance.

During a long speech explaining Romania's stand at last week's Warsaw Pact summit meeting in Moscow, President Ceausescu also revealed that be had refused to sign several documents proposed by the Soviet Union. One of these docu-ments is known to have been a con-demnation of the current Middle East peace talks between Israel and Egypt, while a second — still secret — is believed by Western diplo-mats to have envisaged an increase in the Soviet bloc's defense budget to meet what the Kremlin regards as a new threat posed by China. Over the last few months, there

has been evidence of attempts by the Soviet Unino to secure military support from its East European allies, including Romania, in its quarrel with China. In a speech last month. Mr. Ceausescu, 60, went out of his way to insist that the Warsaw Pact should remain purely defensive in nature and be limited to a European framework.

Soviet Motive

While there has been no public suggestion yet that Moscow wants its allies to contribute directly to the 43 divisions of Soviet troops al-ready believed to be stationed along the Chinese-Soviet border, an increase in the Warsaw Pact's military presence in Europe would free Soviet troops for the Far East. In his speech to workers' delega-tions in Bucharest last night, Mr.

Ceausescu said that neither he nor his delegation had signed any document at the Moscow summit other laratioo and communique issue the end of the two-day meeting ment at the Moscow summit other said he was making this public ment at the Moscow summit other said he was making this put than the vaguely worded joint decorder to avoid "rumors"

France Convicts 4 U.S. Panthers Of '72 Hijacking

PARIS, Nov. 26 (UPI) — Four members of the U.S. Black Panthers were sentenced Friday to five ers were sentenced Friday to five years in prison for hijacking a Delta Airlines jet in 1972 to Algiers and not releasing its crew until a \$1 million ransom was paid.

Court sources said that Melvin McNair, 30, nf Greensboro, N.C., and George Brown, 34, of Elizabeth, N.J., would be eligible for perole in 18 months, and that

parole in 18 months, and that McNair's wife, Jean, 32, and Joyce Tillerson, 27, of Spartanburg, S.C., would be eligible for parole io about six months.

The four defendants, who were arrested in France in 1976 after leaving Alegia, had forced maximum.

leaving Algeria, had faced maximum prison terms of 20 years. A fifth American, George Wright, who allegedly played a key role io the hijacking, is a fugitive.

France rejected a U.S. request for the defendants' extradition but did oot grant them the status of political refugees. Their five-day trial here was conducted under interna-

tional conventions banning hijacks.
The group hijacked a Delta DC-8
flight between Detroit and Miami. After allowing the 94 passengers to get off in Miami, the hijackers ordered the plane flown to Algiers, where they released the seven crew members for \$1 million.

by the will of certain chiefs, which is the case in a feudal, fascist dicta-

torship."
Hence, the poster coocluded,
"the two resolutions should be pub-

licly canceled to affirm legality."

That amounts to a call for Mr.

Hua's dismissal as premier if not as party chairman, to which he was later appointed legally by a full

The new posters, which are un-likely to have been put up without

official backing, raise a oumber of questions. Who is behind them?

ment is going too far?

Another new poster said Mao

bad become "muddled in his old

age" and, as a result, had raised Lin Piao, the reviled former defense

minister, to power in the Cultural

my catch up with the ooe on Taiwan controlled by the Chiang

Kai-shek clique?" the poster asked,

in an extraordinary question. "Now

we are speaking out what is really

on our minds. How we wished Chairman Mao could have listened

modestly to our opinions. It's a pity

Why can't the national econo-

party congress.

order to avoid "nimors" as what had been decided in Moos Then, in what foreign diplombelieve is an indication of the ture of the documents he refund sign, he added: "We said in the cow that it would be a big mist if we were to pursue a policy of creasing inilitary expenditures policy of the intensification of the intensification."

armament."
"We are convinced there is imminent danger of war and special measures are required present," he said in the spec-which was published by the office Romanian news agency Agent

Soviet criticism because of the here last summer of Hua Kno-the Chioese leader, has consiste differed with the Kremlin over tions with China. While So leaders have been describe China's more active foreign pol as a threat to world peace of Ceausescu has actively been of ing the "China card" in a but strengthen Romania's own freeto

of action on the international sha Two weeks ago Mr. Cenner flew to Yugoslavia for talks Marshal Tito — the first Comm nist party leader to defy the Son Union. Their talks were interpret as a demonstration of Yugon support for the stand Romana v reparing to take in Moscow.

Meanwhile Yugoslav oewspape and have been carrying reports for a their usually well-informed Meanwhile cow correspondents describing a transfer of the company of tempts by the Soviet Union to red ... sert control over its East Europe and satellites — and to turn the Warm Pact into a much more unified and land monolithic organization. Sende ... Yugoslav officials bave contained warned of efforts to revise the name of the 1976 Berlin conference, which formally recognized the equality and independence of the second seco Communist parties,

ommunist parties.

Another argument advanced by Mr. Ceausescu against any increa budget is that this would have a adverse affect on the county, and standard of living. Mr. Ceausen, has who has been in power for 15 year. has had to defuse mounting post lar discontent with what is probably the lowest living standard in

UN Study Calls Coal Vital Fuel

Mr. Teng, the pragmatic 74-year-old leader who is the architect of China's modernization program? Have the posters developed a momentum of their own, going be-GENEVA, Nov. 26 (Reuters) 'yond whal Mr. Teng inlended? can meet loog-term energy, red Will they induce the leadership to crack down in fear that the move-industry in Europe and Non industry in Europe and North-America, a UN study has reported and the china

But most coal-producing coo tries find it bard to maintain outpot service. because of the uncertain economics. profitable, the UN Economic Company mission for Europe said.

mission for Europe said.

All estimates of future emits and production and consumption media. indicate that neither increased production of natural gas oor the most substitution of the most tensive development of nuclear ergy will be able to satisfy work energy demand," the report suid is called for immediate steps to promote coal development.

Teng Defends Hua Role In '76 Riot, Urges Unity

(Continued from Page 1) abroad. They were eager to express their opinions to foreign reporters and to find out more about West-ern democracy. "Suddenly we all feel like celebrities," a correspond-

ent in Peking said.

Reporter Queried on Democracy A Western reporter said that he was asked: "How does democracy work? Who decides who you can vote for? Is it true that in your country you can criticize leaders without being considered a

"It seems to be an almost oaive belief that the people want and will get more power," a diplomat said. Much of the protest has been in response to a recent official decision to clear hundreds of people arriot. The demonstrators had beaten up militia and turned over cars after wreaths honoring the late Pre-mier Chou En-lai, like Mr. Teng an advocate of worker boouses and

raised living standards, had been

Ecevit to Norway, Sweden ANKARA, Nov. 26 (AP) — Pre-mier Bulent Ecevit will visit Nnrway and Sweden in mid-December, was announced here today Sources said that in Norway he will discuss economic cooperation, and in Sweden he will confer on hilateral matters that include the situation of migrant Turkish workers, esti-mated at oearly 10,000 there.

One good Scotch...

Peking protestors say that the government should go even further; they want all officials responsible for suppressing the demonstration identified publicly and a more democratic system instituted that

would prevent such suppression.

A Chinese told an American listener during a sidewalk conversation: "The Trenanmen incident was worse than Watergate, more destructive to our country than Watergate was to the United States. Your people could criticize [then-President Richard] Nixon, even drive him from office."

Fog Closes Airports In Yugoslav Cities

BELGRADE, Nov. 26 (Reuters) - Thick fog today blocked air traffic for the third consecutive day at Belgrade and several other major

Yugoslav airports. The airports at Dubrovnik and Split, both oo the Adriatic Sea, remained closed, officials said, and planes also were grounded in the southern city of Skopje.

Assad to Visit Hungary

BUDAPEST, Nov. 26 (Reuters)

— Syrian President Hafez al-Assad will visit Hungary this week at the invitatino of Hungarian Communist Party leader Janos Kadar and President Pal Losonezi, it was reported yesterday.

Fine Old Scotch Whisky

White Horse Fine Old Scotch Whisky.

Vote Returns Muldoon in **New Zealand**

tary majority.

Credit I and independents 2. After Parliament was dissolved last month for the campaign, five new seats were created for a total of 92.

7 Recounts Likely

seven districts where the winner was decided by fewer than 300 votes. Of these, four were won by National and three by Labor.

Mr. Muldoon and Mr. Rowling kept their seats by comfortable majorities, but two cabinet mem-

President Ferdinand Marcos has named his 21-year-old son, Ferdi-nand Jr., as his special assistant. The appointment is certain to bring criticism from the president's opponents, who have accused him of trying to establish a dynasty since his institution of martial lav

There has been speculation that

Chinese Posters Demand Democracy lutions are ool products of Marxism but the willful products of futile, fascist dictatorship," the poster said. They went against de-mocracy and the legal system. They violated the people's will. As far as we know. China is a people's re-public and oot a feudal dynastic

Mount Etna Erupts

With New Intensity

CATANIA, Sicily, Nov. 26 (Reuters) — Mount Etna, Europe's largest active volcano, erupted violently last night with jets of lava spewing 500 meters above its summit:

Lava was flowing down the southeast flank of the 3,320-meter

mountain but posed oo immediate threat to outlying villages, officials said. The eruptions on Ema, at the

rate of up to three explosions an

bour, began last Mnnday after the volcano had been dormant since

the summer. They became more in-

Criticism of Mao, Hua Continues

state. People have the right to ap-poiot and dismiss their servants." other poster challenged the 1976 appointment of Hua Kuo-feng as The poster noted that, under the constitution, the premier must be appointed by the National People's Congress, the legislature. But "the two resolutions deprived the Standing Committee of the National People's Constitutions of the National People's Constitutions of the Standing "America is a capitalist country and is the most developed in the world," said the authors of the first poster, a group of eight young men from Kweichow province. The United States is only 200 years old, but it has developed because it has People's Congress of its right to ap-point and dismiss." The action should not have been taken "just

no Idols or superstition."

The writers, who signed themselves "The Democratic Forum," said the genius of the Chinese Communist Party had been stunted by superstition. China built two great walls, they said, "One wall was to keep out foreigners, the other was a spiritual wall built by Chin Shib-huang."

The reference was to the first em-

peror of China's centralized imperial system, in the third century B.C., who also built the Great Wall as a defense against oomads. Mao used to compare himself to the emperor. so that the comment seemed directed against Mao himself.

The new thinking the great democratic and human rights to which we aspire, which we seek, have today raised their heads in the great land of China," the poster

Cheers for Westerner

Fnreign diplomats and journal-ists reading the poster, pasted up on a fence facing Mao's mausole-um, were surrounded by a curious crowd. A Western diplomat reported that when one of the journalists was identified as Philip Short of the British Broadcasting Corp., the on-

lookers cheered Report it the way it is," some Chioese shouted. The diplomat said by telephone that several persons had asked whether people in his country could criticize their leaders without fear

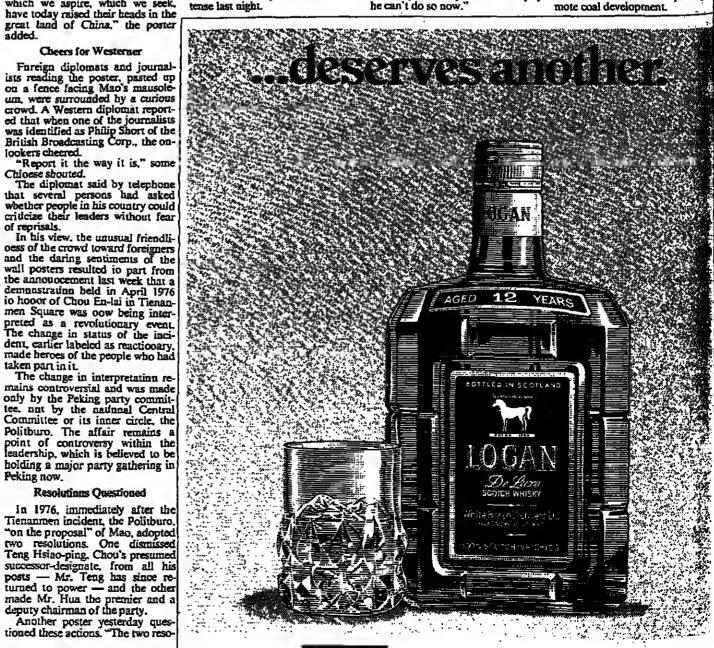
of reprisals. In his view, the unusual friendlioess of the crowd toward foreigners and the daring sentiments of the wall posters resulted to part from the announcement last week that a demnastration held in April 1976 io hooor of Chou En-lai in Tienan-men Square was oow being interpreted as a revolutionary event. The change in status of the inci-

taken part in it. The change in interpretation re mains controversial and was made only by the Peking party committee, not by the national Central Committee or its inner circle, the Politburo. The affair remains a point of controversy within the leadership, which is believed to be holding a major party gathering in Peking now.

Resolutions Questioned

In 1976, immediately after the Tienanmen incident, the Politburo. "on the proposal" of Mao, adopted two resolutions. One dismissed Teng Hsiao-ping. Chou's presumed successor-designate, from all his posts — Mr. Teng has since returned to power — and the other made Mr. Hua the premier and a deputy chairman of the party. Another poster yesterday questioned these actions. The two reso

Australian Crash Kills 5 PORT AUGUSTA, Australia Nov. 26 (Reuters) --- An Australia Air Force helicopter crashed doring a military exercise near here yester-day, killing all five crewmen aboard.







1) (n Transvaal Election

dia Hardliner on Apartheid Wins Key S. African Vote

By John F. Burns

PRETORIA. South Africa. Nov. was the National Party, founded in ation is (NYT) - Prospects for an evo- 1914, which eventually took power his here tion toward wider rights for he had buth African blacks dimmed yeshe a high relay with the election of a hard-I Police white supremacist. Andries Cyping reurnicht, as leader of the ruling lice in populous ransvaal province.

in the the all-white Parliament as the ed by the three provinces together. The Hun the the country after Prime Minister who do. W. Botha, who is the party's na-

Water onal leader.
of lius Mr. Treumicht's victory, by a 63lius K. 45 vote over Labor Minister has no 45 vote over Labor Minister remlinate party's reform wing, was the wind party's reform wing, was the wind himination of a lengthy struggle its force etween the two factions in the particle of the remaining the modest racial forces almost all the modest racial and beforms introduced in recent years, in caving that they ultimately will lead domination of the white minori-

Iller Mission of the white minorimernation blacks.

Mr. C. Mr. Treurnicht, 57, dubbed "Dr.
the first is by the antigovernment press, to dele thions to blacks — for example, alion of heers — will eventually bring down
and Rearba active senerupe of white power. and Reporte entire structure of white power. goslas nor

· Upholding Tradition

ling toper At a time when the government di-monetas been cautiously moving away Vici Unicald down by Prime Minister Henits East-trik Voerwoerd, the principal ar-in turn lichitect of the racial system, Mr. n more unifreumicht has vigorously defended mization he Voerwoerd heritage. Like Mr. havoerwoerd, who was assassinated in tenen 1966, Mr. Treumicht has been a Rerlin or ninister in the Dutch Reformed recome hurch, editor of an influential. depender Afrikaans newspaper and a parliapentarian.

ment ade. He has not made a secret of his manufaction to become prime ministhis would avorite if Mr. Botha stepped on the clown. In the meantime, his election ng. Mr (218 Transyaal leader places heavy power in pressure on Mr. Botha to appoint the manning aim to a senior Cabinet post Last hill what week, Mr. Botha passed him over him a Cabinet shuffle, leaving him in he relatively minor post of deputy ninister for black affairs.

After yesterday 's vote, Mr. Freurnicht said that, despite his Av Colliews on racial reform, he is a realst who would place the national in-Filterest first. He also said he would madeavor to maintain the unity of the hold of the color o term energiome la pro-government papers the distribution will break up if the become the 20th-century El Doratinop. In Treumicht faction uses its new do. They are the envy of every developing country in the world. ord-produce used to white long-term future.

to master. Although a split is seen as un-uncertain anicely in the short term, some ro-units about formers believe that it ultimately could aid the prospects for reconblacks. Freed of the deadweight of the conservative faction, the reity on the Gulf that everything was possible," remarked Yusuf Shirawi, acuther materness ruling coalition with elements

Bahrain's minister of industry and neither maternew ruling coalition with elements must get the of the existing opposition parties, product of the existing opposition parties, product of the existing opposition parties, product to suffer-sharing with blacks.

1. The reput However, a more likely outcome material with of Mr. Trespricht's rise to power is

nection set of Mr. Treumicht's rise to power is chepanell a slowdown in racial reform as the two factions in the party seek to maintain a show of solidarity. Prime Minister Botha, like his predecessor, John Vorster, is likely to consider party unity an overriding priority.

The concern for party unity goes to the roots of Afrikaner history.

After the great trek in the 1830s and the Boer War at the turn of the airports now serve the string of several process. English-speaking whites whom they saw as interlopers. The political expression of this drive

Nkomo Rebels Say Australians Aid Rhodesia

LUSAKA, Nov. 26 (Reuters) -Joshua Nkomo's Rhodesian nation-alist guerrillas yesterday accused Australia of sending aborigines to fight with Rhodesians in the coun-

try's bush war.

"When they are being recruited they are told that they are going to fight short people with big heads who use only bows and arrows, the Zimbabwe Peoples Voice, the official weekly publication of the Zimbabwe African Peoples Union, said today.

"As a result, the aborigines have a habit of charging into guerrillas as if indeed the latter were armed with no more than bows and arrows," the Voice said. "To their dismay, they have been confronted with sophisticated weapons and, above all, normal size human beings who are more than anyone's match as fighters. The aborigines are thus being killed like flies in the war in Zimbabwe."

The Voice said that the presence of the aborigines had been con-firmed on Oct. 19, during a Rhodetian raid into Zamhia.

Mengista in East Berlin

MOSCOW, Nov. 26 (AP) - LL Col. Mengistu Haile Mariam, the Ethiopian leader, arrived in East Berlin "for a friendly visit," after signing a treaty of friendship and cooperation with the Soviet Union, Tass said today.

Hitler Disc **Banned From** Paris Auction

PARIS, Nov. 26 (AP) - The sale of a disc reproducing a speech of Hitler in 1933 has been banned by Paris police the third time in a week that auctions recalling the Nazi re-gime have been forbidden in

The recording was to have been sold at a downtown Paris hotel this weekend but was removed from the auction of old records owned by a pre-war private radio station.

Earlier this week, Paris police chief Pierre Somveille ancounced he was forbidding a planned auction of objects belonging to Hitler from taking place at the central Paris auction house on Dec. 5.

could occur Dec. 7 when Mr. Botha will tell Parliament what actions the government intends to take share of national power to Indians the government intends to take and those of mixed race. But the against officials involved in a burgeoning political and financial scandal surrounding the Informatioo Ministry. Mr. Treurnicht, a strict Calvinist, is believed to favor tough action against any proven

Heady Days Are Over

Nigeria Trying to Avoid Drowning in Oil

By David Lamb

LAGOS. Nigeria. Nov. 26 — They were heady days, bursting with the excitement of sudden wealth, full of visions that knew no bounds: Nigeria had oil!

Almost overnight, Nigeria began walking with a swagger. Millio-naires emerged; a privileged class was born. The able-bodied left their farms and poured into Lagos and Port Harcourt and Ibadan, And Nigeria began writing checks to finance its dreams of grandeur at home and prestige abroad.

The morning after was inevitable, but in those days plans were made or ground broken for seven additional universities, 13 new television stations, 34 new prisons, new international airports, new stadiums and a new federal capital. Money was no object, and in 1975 civil servants won 60-percent pay raises, backdated tax-free for 10 mooths, followed by similar in-creases for the trade unions.

More than \$3 billion was set aside to overhaul the communica-tions system, \$3 billion more to build 13,000 miles of roads and \$2 billion for a petrochemical plant. An international black arts festival was beld for \$200 million and an

outlook was this spring's crash of

the Kuwaiti stock market after a year of wild speculation that had

often seen prices double in weeks.

Prices Slacken

estate prices - driven up as much

as 1,000 percent by oil fever — began to soften. In Saudi Arabia, the inflation rate, which had been rum-

ning at 40 percent, dropped to

around 10 percent.
Saudi Arabia also has taken note

of the difficulties it can expect in breaking into established world

markets by enlisting Mobil. Shell and other U.S. firms in its effort to

build petrochemical plants and

The Saudi hope is that these U.S. companies will help the new Saudi

plants gain access to Western mar-kets for their refined petroleum products. Even this hope may rest

on a shaky footing. Ghazi Gosabi, the Saudi minister

ment expected to capture only 5

percent of the world market for re-fined petroleum and petrochemical

products when its new plants are

percent of capacity. Western com-panies seem unlikely to let Saudi

Arabia move into an already

cut back our petrochemical plants to subsidize theirs? asks James

Reddington of the Paris-based In-

the Gulf - even well thought-out

development — thus looks highly

warned, "are still down the line."

A number of Gulf leaders, more

over, are rapidly becoming aware that they face a clouded future.

There is a lot of soul-searching

going on now on the Gulf," Mr. Shirawi said. "This is a time of

The outlook for development in

"The really monumental lures," one Western diplomat

"Why should they expect that we

crowded market without a fight.

ternational Energy Agency.

uncertain.

reckoning."

operating at full capacity:

hage oil refineries.

Elsewhere around the Gulf, real

international trade fair for \$100 ation that many unscrupulous busimillion. A vanguard of 50,000 young Nigerians was sent overseas to train as technicians.

Cushioned by oil revenues that shot from less than \$400 million annually in the early 1960s to more than \$9 billion a dozen years later, Nigeria put together a five-year deelopment plan (1975-80) that in reality was only a shopping list, establishing no clear priorities other than growth itself. The plan was based on pumping 3 million harrels of low-sulfur crude a day, about one-third more than Nigeria actually will produce because of dimin-

ished world demands. Today this country of 80 million is learning the danger of having a one-commodity economy. Although it remains the most dynamics of the state of the ic country in black Africa, Nigeria knows that petrodollars alone will oot bring prosperity, and the world's sixth largest oil producer is modifying its ambitious goals and preparing for penoy-pinching fru-

gality.
"We must all embark on the greatest care and economy in expenditure by all public institutions. and a return to sanity in the inter-ests of the oatlooal economy," the bead of state, Lt. Gen. Oluseguo Obasanjo, said receotly. "The na-tion must cut its coal according to

its cloth. The government has auctioned 2,000 official limousines, frozen wages and prices to stem the 30percent inflation rate, cut back ex-penditures by 10 percent, banned a lengthy list of imports ranging from toothpicks to macaroni, scaled down many of its development projects and restricted the release of foreign exchange. By the eod of the year, Pan American World Airways will have \$8 milion tied up here in local currency that is not convertible into a bard currency.

No Government Coordination

Some of the problems are of Nigeria's own making, reflecting bureaucratic inefficiency and techoical inexpertise: The government overspent with virtually no coordination between departments, a situ-

Chirac's Leg Broken In an Auto Accident

USSEL, France, Nov. 26 (AP) -Jacques Chirac, mayor of Paris and leader of the Gaullist party, suffered a fractured leg in a road accident in southwest France early today.

An official car in which he was

of industry, said that his govern- being driven skidded on an icy road during a snowfall and crashed into a tree. The driver had minor inju-ries. Ussel Hospital said Mr. Chirac, 46, would be flown to Paris in an ambulance aircraft for an Even today, however, there is a operation. world glut of refinery and petrochemical plant capacity. Some

accounts for 85 percent of govern-ment revenues. From a peak production of 2.3 million barrels a day

up with crates full of sand.

nessmen were happy to exploit.
The government, for instance,

gave contractors 30 percent of costs

because of high start-up expenses

in Nigeria. Some contractors mere-

ly pocketed the millions of dollars

of advances and returned to Eu-

rope or the United States, having

invested little more than the price

of an airplane ticket and a hotel

room. On other occasions, Nigeria

ordered technological equipment overseas, made payment after a bill

of lading was received and ended

Other problems are the result of

Nigeria's dependence on oil, which

advance for construction jobs

io 1974, production fell to a low last March of 1.5 million barrels. Economists attribute the decline largley to Nigeria's poor pricing policy and supplies of low sulfur crude coming on stream in the North Sea and Alaska.

Hoping to alleviate the decline. Nigeria cut its prices by 51 cents per barrel between last January and April, The new pricing policy, com-bined with Saudi Arabia's cutback of low sulfur exports, has belped push Nigeria's daily production back to slightly more than 2 million barrels a day, a pace the industry should be able to sustain, econo-

30-Year Reserve

Nigeria, which owns 55 percent of its oil industry, has known reserves of 2.7 billion tons, enough to last 30 to 40 years at the present extractoo rate. Nigeria also has buge natural gas reserves that are being exploited, with exportation expected to start in the early 1980s. As a member of the Oil Producing and Exporting Countries. Nigeria has been moderate. Although it is a capitalistic nation with a new constitution taken from the U.S. model, Nigeria follows a foreign policy of nonalignment. It continued to sell oil to the United States during the 1973 oil embargo.

This year Nigeria will have to borrow \$4.5 billion to finance its development. About half of the amount will come from overseas lenders, thus increasing Nigeria's dependence on Western money interests, Last January, Nigeria obtained a \$1 hillion loan - the largest ever granted to a black African nation — from a consortium of Western banks.

The boom has faded and Lagos remains one of the world's most chaotic cities. But more than anywhere else in black Africa, one is struck by the sense that Nigeria is alive, pulsating, robust, cocky.

African businessmen in Western

suits hustle at a New York Citypace along financial row on Broad Street. Taxi drivers roar — or more

ON SALE till Dec. 7 th

dirty streets of Lagos, their horns blaring incessantly, bickering with

their sweating passengers over the

price of the ride. The marketplaces

teem with the poor and the wealthy suburbs are filled with the rich.

Rural Exodus

gusto, but it also has created many

of its ptoblems. Foremost among

them is a rural exodus that has

swollen the cities to unmanageable

sizes, left the agricultural sector in

a state of serious decline and all but

crippled the existing urban infras-

Corruption has become epidemic with the advent of fast, easy money. Purges of the bureaucracy to rid

it of graft and idelficiency have left

the civil service paralyzed, with few willing to make the smallest deci-

sion. Educational standards have

declined so dramatically that most

Nigerians with sufficient funds send their children to school

The military government, which next October will hand over the

reins to civilians, shows every indi-

cation of being serious in its at-tempt to reduce expenditures, di-

versify the economy, cut waste and graft and start living within its

The atternative, it acknowledges

is to deny the one hig dream that Nigeria has for itself: to emerge as

black Africa's first real power and

Lus Angeles Tome

first developed nation.

tructure.

abroad.

Oil has provided Nigeria with its

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Boom Time Ending in Oil-Rich States ing money at this breakneck pace indefinitely. "The Wild West days came to an One result of this more realistic

bassy in Kuwait. Mr. Shirawi saw

June 1977 as a turning point, when the Saudi government turned down

a bid to construct a power plant for

the heretical reason that the esti-

The shift to a more conservative

view of development all along the

Gulf coincided with the first indi-

cations of an easing in the world

served Mana Saced Otaiba, oil min-

ister of the United Arab Emirates.

Of Soviet A-Blast

LOS ALAMOS, N.M., Nov. 26 (UPI) — The director of the Los Alamos Scientific Laboratory, Har-

old Agnew, voiced his skepticism

over reports by an exiled Soviet scientist of a nuclear-waste disaster in

the Soviet Union two decades ago.

Zhores Medvedev, who held a series of lectures last week in Albuquerque, recently wrote an ar-

ticle in a British science magazine,

contending that thousands of per-

sons died in a 1,000-square mile

area contaminated by a 1958 explo-

sion at a nuclear-waste site in the

After questioning Mr. Medvedev extensively, Mr. Agnew said: "To me, it is strange that if such a large

area was contaminated, someone

else hasn't said something about it.

Only Medvedev and one other per-

soo claim any knowledge of the

When asked if be could name

any Soviet colleagues that would confirm his reports. Mr. Medvedev said that he could produce a list of such scientists but that they proba-

bly would not want to answer ques-

tions. He also said that evidence to support his information could be

Ural Mountains.

found in CIA files.

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CHAMPS

ELYSEES.

U.S. Scientist

Assails Report

But it cannot be maintained if we

"We have had a big boom," ob-

demand for oil.

Arabs Start Adjusting to World Market

By J.P. Smith

In its three decades in office, the

party has worked to consolidate

Afrikaner power by placing Afri-kaners in almost every position of

power in the government and by extending the racial laws to hold

off blacks. Despite growing inter-nal dissension on racial matters, es-pecially since the Soweto riots in

1976, fear of a schism that would

weaken Afrikaner power to the

benefit of English-speaking whites and blacks has succeeded in hold-

In his eight weeks in office, Prime Minister Botha has backed

limited racial reform, pushing for early implementation of a constitu-tional reform plan — opposed by Mr. Treumicht — that would give a

new government leader will have to

tread warily in his relations with

Mr. Treurnicht, who has the advan-

tage of being the party's most elo-

quent public speaker.

A clash between the two men

ing the factions together.

SHARJAH, United Arab indefinitely.

Emirates (WP) — At first glance, the luxury high-rise apartment houses lining Boorj Avenue resembles.

The Wild West days came to an end in 1976," said Steven Buck, a commercial attache at the U.S. Emble the ocean-front towers along Collins Avenue in Mismi Beach. Most of the time, however, the only sound to be heard is the creak of loose scaffolding swinging in the the heretical reason that hot breeze. Sharjah, which built far mate was simply too high. beyond its tiny population's needs, resembles a ghost town.

Just up the Gulf, Dubai is completing construction of a drydock that will accommodate supertankers twice the size of any ship yet built. Most experts agree that the drydock will not be profitable for decades.

Kuwait, anxious to keep its contractors occupied, is busily tearing down buildings to put up new ones. Most of the structures being razed are less than 10 years old.

In Saudi Arabia, a new interna-tional airport is being built outside Jiddan to help handle the millions

of Moslems who make the annual pilgrimage to Mecca. The cost: \$7 billion - 10 times that of the most expensive new airport in the United States, at Dallas-Fort Worth. With more than \$50 billion in oil revenue to spend annually, the Arab states that line the Gulf have

Olympian Plans

But in the five years since the Gulf Arabs' wealth soared dramatically, many of the Olympian devel-opment plans they launched have

There was a false sense of securdevelopment. A major problem was that the

feudal rules of the tiny sheikhdoms along the Gulf tended at the outset to give priority to projects that they felt symbolized a modern state. Dubai and Sharjah, for instance,

both felt they had to have modern airports capable of handling jumbo jets. The two resulting airports are much closer together than Washington's National and Dulles, and

century, the Dutch-descended Afri- en states that have become the kaners developed a determination United Arab Emirates. Transportato regain control of the country tion experts say one airport - two at the most — would handle the foreseeable traffic with ease.

Competition for Prestige "All of the Gulf states somehow

got caught up in this competition for national prestige," a U.S. diplomat said.

The inclination of the Gulf-states to sign up for expensive prestige projects was undoubtedly helped along by Western businesmen and oters eager to turn a fast etrodollar.

Dubai contracted to build more than 70 shipping berths at the port of Jebal Ali — a project that will give the tiny state, for reasons obvious only to its ruler, a larger port capacity than New York City. Bahrain built an aluminum plant. Qatar ordered up a steel mill.

Few rulers seem to have given much thought in these heady days to whether there was any need for these installations or whether their products would be competitive on the world market.

Because most of the aluminum market in industrialized countries is under some form of trade protection, Bahrain wound up initially stacking nearly all its aluminum

production outside the plant. Even countries with seemingly bottomicss oil wells, however, could not afford to continue wast-

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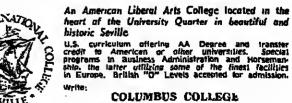
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Page 6 Monday, November 27, 1978

A Libretto for SALT

Observing the politics of SALT these days is like spending a night at the opera. Emotions are rising all around hut it is virtually impossible to follow the story. The arms-control treaty still lies hidden in the wings but expert factions have formed on stage. President Carter acts scared, throwing money around to appease the treaty's likely opponents and even threatening to call it an "executive agreement" to evade the Senate's two-thirds majority rule. But be also talks serenely about the Russians' strength and intentions as though only paranoids would worry about them. The Soviet leaders, meanwhile, boast to visiting senators that they well understand our ratification process while demonstrating precisely the opposite; they will not be much help.

Is it really too late to provide for an orderly dehate of this important subject?

· An agreement with a foreign government affecting the security of the nation is a treaty subject to the approval of 67 senators. If that is not Mr. Carter's reading of the Constitution, it ought at least to be his understanding of what Congress thurks.

• The dehate of an arms-control agreement should not turn on anonymous disclo-sures of its major provisions. The privacy that negotiation once required is now routinely violated. So the treaty's main points need to be — and could be — published with the president's analysis of their bearing on Soviet and American forces.

• Mr. Carter's piecemeal bribery of the military lobby has become dangerous as well as cynical. If the price of ratifying SALT requires exempting the Pentagon budget from next year's budget-cutting, wasting funds on zany civil defense schemes and rushing development of the MX and Trident 2 missiles, it may be too high for constituencies normally disposed toward arms control. Spending for military projects must be defensible on security grounds alone; arms control should not be stintulating arms expenditures.

Above all, the treaty debate needs to be focused on our underlying premises about Soviet military planning and capacities. The

main questions for treaty advocates and opponents alike seem fairly clear:

(1) Can the continuing Soviet military buildup be explained as essentially defensive. allowing for exaggeration of the danger that Moscow sees on several fronts? (2) Is nuclear arms control consistent with the Soviet-American rivalry for influence in various parts of the world? (3) Is the power of both nations to deter attack with the threat of a devastating counterattack secure for the foreseeable future? And, (4) how sure can anyone be that the Russians will hold this doctrine of mutual deterrence through the period of the proposed limitations?

Mr. Carter, at last, bas implicitly recognized those questions — most notably in a recent conversation with Bill Moyers on public television. We can find no better way to highlight the discussion than to direct attention, with some emphasis added, to bis main

"To be perhaps excessively generous, but not too far off the mark," Mr. Carter said, "I think first of all [the Russians] want peace and security for their own people and they undoubtedly exaggerate any apparent threat to themselves - and have to, to be sure that they are oble to protect themselves.

'At the same time, as is the case with us, they would like to expand their influence among other people in the world, believing that their system of government, their philosophy, is the best.. . .

They spend more than twice as much of their gross national product on military mat-ters but we are still much stronger ond we will olways be stronger than they are, at least in our lifetimes... We can absorb, even if we had to, an attack hy the Soviets and still destroy their country, and they know it. And vice

"We don't intend to evolve, and neither do the Soviets intend to evolve, a capability to destroy the other nation without ourselves being destroyed by nuclear forces."

The president has given his answers; we await his evidence.

THE NEW YORK TIMES.



There is no denying the importance — psychological and otherwise — of the U.S. Census Bureau's report that the rote of growth of the world's population is apparently declining for the first time in three centuries. Population itself, it needs to be emphasized, is still growing at an epidemic rate of perhaps 1.9 percent, adding 80 million people (two Egypts, one Bangladesh) a year. And the rate of growth is down by a mere tenth of a percentage point, which is only about 4 million people (another Chad or El Salvador). But the decline conveys an unmistakable sense of a shift of immense forces. At least, it suggests the world is not fated to be overwhelmed hy a rising tide of people. It implies that a measure of control over the global condition is perhaps restored.

The Census Bureau is the most conservative estimator around, and it is only confirming estimates previously made by others. So there seems little reason to challenge the basic slowdown it has now detected. The estimate relics heavily on China, which contains almost a quarter of mankind, but other expert estimates of China's trends have indicated even greater declines in its birth rate.

Less certain is why the rate has declined. Is it a result of family-plunning programs, or overall development, or some mix of both? A "great dehate" on this question continues. It's not academic. On the answer hinge fateful decisions on the direction and pace of economic and social planning all over the

The Census Bureau, inspecting its own new figures, declares that "the world population crisis appears resolvable." One must take this as an expression of hope. The new

slower rate of world growth is still substantially more than double the U.S. rate of population increase, and the rate in selected regions (Africa), countries and sections of countries has not turned around. Even if — a huge if — the overall rate continues to fall steadily, a zero rate would not be reached for almost 50 years. Even then the ratio of young people would insure that population would continue to rise. One only has to think of the planet's current fix and then note that optimists see the world's population doubling, to 8

Population growth, whether at the rate estimated in the last generation or the rate expected in the next, is a relentless force, imposing brutal demands on the world's resources and feeding social and political turbulence everywhere. Relief at a welcome but small change in the numbers cannot be allowed to disguise this pervasive fact.

hillion, in 30 years.

President Eisenhower, regarding family planning as a "personal" matter, kept the United States officially aloof. A connection between runaway growth rates and the sort of global instability harmful to U.S. national security began to be perceived in the early 1960s. But only under President Johnson did the United States start developing effective family-planning programs. More recently. the Third World's concern for development. too often gratuitously counterposed to family planning, has diminished official American ardor for these programs. Ironically, this is happening just as their fruits, or so the family planners believe, are showing up in the global population statistics.

THE WASHINGTON POST.

International Opinion

U.K. Monetary Policy

In 18 years of exchange-rate stability and consequent low inflation under the Bretton Woods system. [Britain] failed to discover the secret of faster growth. There are many possible explanations - loss of empire and a slow adaptation to new realities, insular management and the class system have all been hlamed. Certainly one cause, which was still not fully learned as recently as last April, was a constant drain of resources into the public sector faster than the economy could provide thent. Under present floating arrangements,

monetary policy has emerged as the key to exchange-rate management, and is now an equally firm commitment. But the government has only now possibly learned, from a financially disappointing summer, that a firm monetary commitment entails a clear limit of fiscal freedom. The policy is unnecessarily costly now because of excessive government borrowing. In spite of this, some progress is visible. Inflation remains in check, and the economic indicators still show the recovery which resulted from reduced

- From the Financial Times (London).

In the International Edition

Seventy-Five Years Ago November 27, 1903

LONDON - The recent arrival of Mr. William Jennings Bryan, twice unsuccessful candidate for president, has raised a curious problem of etiquette. It was against President Roosevelt that Mr. Bryan last failed, and the question was how should Roosevelt's antbassador to Britain act towards this uninvited guest. With grace, Ambassador Choate gave a luncheon fur Mr. Bryan at Carlton House terrace. Mr. Arthur Balfour and others attended. Meanwhile, the visit of British parliamentary officials to Paris, which raises no such problems, is proceeding admirably,

November 27, 1928

Fifty Years Ago November 27, 1928

LITTLE ROCK, Arkansas — The Arkansas superintendent of Public Instruction has banned Webster's Dictionary from use in any educational institution in the state by reason of the recently enacted anti-evolution measure. The new law forbids any book to say that man "descended or ascended from a lower order of animals." The dictionary describes evolution as a theory based on facts abundantly disclosed by every branch of biological study. Since this is false in Arkansas, the dictionary must be removed from all school libraries under legal penalty.



The Decline of Manners

By James Reston

Connecticut made an issue of the

MiG-23s with Premier Kosygin in

the Kremlin recently, Sen. John Glenn of Ohio told him that he had

known about the MiG-23 deal for

Glenn's Argument

Any airplane could carry a nucle-

ar weapon, Glenn said. He bad a

little plane of his own, and any-

body could roll a nuclear weapon out the door of a Piper Cub, but

the MiG-23s in Cuba, he said, were

no arguments for raising objections

to the control of strategic nuclear

policy is no langer a precise process

of quiet negotiations between

but increasingly a noisy and disor-derly game of politics and propa-ganda played by amateurs, whn

Even so, the conduct of foreign

ned professionals, if it ever was,

WASHINGTON — Some very odd things have been happening recently in the conduct of relations between nations. For one thing, there has been a decline in manners. For another, a confusion of responsibility and authority. Some examples:

· At a sensitive point in the At a sensitive point in the Middle East peace negotiarions, the semi-official Egyptian newspaper, Al Ahram, suddenly publisbes what it describes as the official text of the Israeli-Egyptian peace treaty, which is still in dispute and negoti-ation. Why should the United States have to be surprised by such a propaganda trick?

 At the same time, the Israeli foreign minister, Moshe Dayan, complains to Israeli diplomatic correspondents that the United States has not been fair and evenhanded in dealing with the Middle East negotiations, but bas tended to favor the Egyptians. This from the Israelis, who have been more favored by American fareign policy than any other nation on earth?

· At an equally delicate moment in the U.S.-Soviet negotiations for a strategie nuclear arms agreement, it is "disclosed" nr "leaked" that the Soviet Union has sent to Cuba some MiG-23 airplanes, which may have the capacity to drop nuclear bombs on the United States. More on this later.

 Meanwhile, a congressman from California, accompanied by televisinn crews, goes in Guyana in Latin America, with the admirable aim of finding out what is happening in the citizens of his own con-gressional district, and stumbles inin a grisly tragedy in which he loses his own life and the lives of many others.

So something is clearly wrong here, if there is any common thread that explains these quite different things, it is an absence of trust. It

It is nnt reasonable to believe only helped create the state of Isra- turned from the United States last el, but has given Israel the "most year. favored nation" treatment ever Th since the last world war.

But something is beginning to But something is beginning to change in the diplomacy of the world. President Carter. Secretary world. President Carter. Secretary fear of scandal or regard for the of State Vance, and Zbigniew

longer willing to ignore Sadat's mental abuses. This does not mean publication of the text of the Israe-that the press aims to destroy, but that the press aims to destroy, but li-Egyptian peace treaty, or to seek and publish the truth; a

Public Smiles

Curter and Vance have been smiling about all this in public, but they are obvinusly irritated about it pendent in the United States to a in private - particularly about what they regard as efforts by Sa- here - confirmed the accusations dat and Begin and Dayan to abuse of the press. Not just one court, but them and take their peace efforts all of those involved, from that of for granted.

in the Pentagon, whoever they are ruroed down Nixon's request to
—and the White House is trying to withhold his "smoking gun" tapes run them down - who have been from the public on the grounds that putting out scare stories about the it would be damaging to the office MiG-23s in Cuba in order to block of the presidency.

a strategic arms agreement with the Soviet Union.

Watergate could never have happened here because Frenchmen do

don't really know where they are

formed the Armed Services and Foreign Relations Committees of the Congress of this fact, and has going.

The tragedy in Guyana dramatizgiven them all the information available about the limited threat, seemed a reasonable investigation by a congressman and the press— good intentions, good TV pictures, good politics — but the actors on that tragic stage knew very little about the strange world of Guyana or the jungle, or the mad magic of Jim Jones, or the demented faith of his followers as it sees it, of these planes.

What bas troubled the administration, bowever, is that the opponents of the strategic arms agreement, and particularly members of the Joint Chiefs of Staff or their aides, have tried to use this MiG-23 deal as a propaganda weapon against a SALT II treaty with the Soviet Union. When Sen. Abraham Ribicoff of

So there is a fundamental problem here between the old professional and the new amateur political and propagandistic diplomacy. The old ways had their faults, but privacy, manners, and the clear auibority of the executive branch of the government under the Constitution clearly have their uses.

The International Herald Tribune welcomes letters from read ers. Short letters have o better chance of being published. All letters are subject to condensation for space reasons. Anonymou letters will not be considered for publication. Writers may request hat their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters seni to the editor.

Notes From New Delhi

Politics Industry In City of Words

By William Borders

TEW DELHI (NYT) — One torrid day this summer, as the temperature passed 115 degrees. Fahrenheit, a Jordanian diplomat stationed here went by the shop where his broken refigerator was being repaired to find out why the job was taking so long.

To his great distress be learned that the repairman had put the task

aside to work on someone else's. So, in a gesture of rage that was understandable to anyone who wants a cold drink on a summer day in Delhi, the frazzled diplomat look out a pistol and sbot the refrigerator in its door, causing a diplomatic incident that sustained this gossipy capital for quite some time. Now, as the crisp, cool air of fall mercifully begins creeping back into the city of 4 million, the season for shooting refrigerators has yielded to "the season," a time of frantic social and diplomatic activity that contrasts with the torpor of summer and softens its sorrier memories. aside to work on someone else's.

Women wear sweaters under their saris now when they step out for an evening's round of diplomat-ic receptions, and men, who were in shirtsleeves all summer at even the highest official level, begin appearing in suits or, if they dress Indian style, in fine Kashmir wool shawls of brown or tan.

New Delhi, with nearly 100 embassies and other foreign missions, regards itself as one of the major controls. Its governmental and dipo

regards itself as one of the major capitals. Its governmental and diplomatic scene, mueb more visible than in, say, Tokyo or London, tends to set the pace of the daily lives of many because, as in a custom-made capital like Washington, it bas no great history or industry of its com-

National Day

"An invitation to a major embas-sy function is quite prized," ex-plained a businessman as he sipped a whisky and soda at one of the dozens of lavish National Day receptions and noted which officials es the point. In popular terms, it ceptions and noted which officials seemed a reasonable investigation and ambassadors were there and which were absent.

If the host of that party, a European envoy, had been lucky enough to entice any Cabinet ministers. tben the guests would have been spping not whisky but fruit juice since Prime Minister Morarji Desai's zeal for prohibition has produced, unofficially, the rule that the bigher you go the drier it gets. Strong drink is still served at par-ties attended by even some high-ranking civil servants, although they are expected to abstain. But the alcohol disappears in the presence of Cabinet ministers, some of whom are said to take a private nip. from time to time, and it is not unusual for an aide to telephone a host to make sure that no liquorwill be served before a minister accepts an invitation.

Prohibition, which the prime minister has pledged to make total by 1982, is a major topic of conversation along the New Delhi cocktail circuit this fall as more and more mandated "dry days" creep into the official calendar.

In a more general way the talk in New Delhi, as in other capitals, is politics, politics, politics — Byzantine, banal, even boring, but relent-less: Did you see the latest elever posture that Indira Gandhi has as-

is a new alliance of back-benchers trying to end.

Mr. Desai by making against his son, and what do making against his son, and what do making against his son, and what do making the son the son and calcumating of commerce and Calcumating of commerce and Calcumating of commerce seems to end. Some results of the words from the complaint that the words from the son and son complain that the words from the politicians and the nfficials painfully irrelevant to such as the 200 million or 300 Indians who did not get enough eat today or the virtual collapse the government's birth-control

gram.

The talk goes oo: Do you in the defense minister, who is untouchable, can rally other touchables behind him in his least touchables behind him in his least touchables. with the former home minister, high-caste Hindu wbo quit the cinet in a dispute with Mr. Will Mr. Desai reshuffle the Car net, and if be does, do you think can get more Moslems and

erners into it?

Foreign diplomats, bungry la intelligence to put into its back home, sometimes ask questions a dozen times at a some intelligence to put into its back home, sometimes ask its questions a dozen times at a some intelligence into its properties. questions a dozen times at a difference of the press Indian in nalists, officials and poliminates, officials and poliminates of whom are frank to knowledge that they attend the parties largely for the status and totherwise unobtainable whisky or U.S. beer.

After Mr. Desai, the political guest who creates the greatest such affairs is Mrs. Gandhi, she seldom made the diplomatic

seldom made the diplomatic rounds when she was prime mini-ter but has done so more frequently since being voted out early last year as a consequence of the controversial period of authoritarianism that became the finale of her 11 years at office. Even when she was prine r. minister, her arrival at a receptor did not turn off the bar, although she says that, in the Hindu trail. tion, she drinks nothing stronger than fruit juice.

Vexing Question

Before her recent re-election is a Parliament, a big step along the comeback trail, the matter of the whether to invite her to this or harvan reception was a vexing one for diplomatic hosts. When former Charles and the company of the come of the company of the come of the company of the come o rellor Willy Brandt came for a visit ::
last year, the West Germans invited her; when President Carter came is larthis year, the U.S. ambassado E.F. Robert Goheen, did not.

Robert Goheen, did not.

Mrs. Gandhi has long since 2000 stopped apologizing for her author (1) in itarianism; indeed, she has even be with a contract the contract that the contract the contract that the contra gun making the claim that hills was a freer country in her day that the it is now. Although her opposed to the state of the state consider her lack of remorse brazes — and they say so — her political state. strength is increasing steadily, and strength is increasing the strength in the strength i

based on the premise that are the might be in power again one day.

So the talk goes on and on and a min this city of words. As usually great deal of it seems searcely more substantial than all that good goes are the perspired to the perspired sip last summer about the perspire ing diplomat who felt that the only course of honor lay in shooting the refrigerator.

Explaining Nixon to the French

By Adalbert de Segonzac

PARIS - Richard Nixon's visit to Paris, on his first trip to Europe since his resignation in 1974, once more brings up the controversy surrounding the former president of the Umted States.
For many Frenchmen, Nixon

the decline of manners, the confusion of responsibility and authority are now getting much more serious.

It is any construction a way, but the victim of a hostile U.S. press. And these people believe that Nixon did nothing worse than the presidents before him; his only misare was getting causely was the victim of a hostile U.S.

Two former ministers, one of the that Al Ahram would publish the Fifth Republic, and the other of the disputed Israeli-Egyptian peace Fourth, asked recently: "Why did treaty without the approval of Pres-ident Sadat. It is also hard to un-office the best chief of state they derstand why Dayan would attack have ever had." These politicians the United States for being pro-been bearing everywhere since I re-

> The Watergate scandal is a very complicated matter for Frenchmen to understand. First of all, it could

of State Vance, and Zbigniew Brzezinski, the chairman of the president's National Security Council, are taking a much tougher menl in the Uruted States, where To be frank about it, they are no ing public opinion against govern-Dayan's charges of unfair or pro-Egyptian U.S. handling of the Mid-dle East peace negotiations. ed States.

And, above all, if there had been no scandalous situation, there would have been no scandal

Furthermore, the courts - indedegree that would be astonishing Judge Sirica, who first heard the This goes as well for the officials case, to the Supreme Court, which

The administration has known not have the same sense of civic refor almost a year that the MiG-23s sponsibility that Americans do, be-were going to Cuba. It has in-cause the idea that no man is above

the law is inculcated in Americans hold and protect the Constitution. from the very first day they start school; a tradition that in France is considered somewhat naive. Frenchmen are much more cyni-

cal. They feel it normal that certain laws should be bypassed, ignored or violated, such as the law against tapping telephooes. After all, they say, all governments dn it.

But basically, the difficulty lies

in the fact that the political sys-tems, the political philosophies in France and in the United States are fundamentally different.
In their interpretation of Water-

gate, Frenchmen make one major mistake. What the United States holds against Nixon is not so much that Nixon's men tried to break into the headquarters of his politi-cal foes — as it is generally believed here — but that he lied about it afterward and that he got more and more stuck in a web of lies trying to hide his activities not nnly from the public hut from the courts of his country, thereby undercutting his own role, which was to enforce the laws of the nation.

Unquestionably, some of his predecessors in the White House were guilty of the same sins, but never to the same extent. Never befure Nixon has a president of the United States used his immense powers to perjure himself, to hide his mistakes behind the august monument of the presidency, to use government agencies one against the other, as be tried to do with the CfA and FBf.

Frenchmen may consider these to be venual sins. But American pragmatism is very different from the Cartesian rationalization of the

Americans recognize degrees of milt If a congressman gives in to the temptation of lying that is regrettable, but tolerated to a certam extent under the political moral code in force there. On the other hand, the head of state must be beyond reproach and unassailable. He is the government of the United States. And a government that breaks its own laws would be a corruptive influence for society as a

Among his other tasks, the president of the United States must up-

If he does not fallow the precepts of that document, he threatens its very existence. And if the constitution in France is a relatively ephemeral charter that is not held in much reverence - for France has often changed constitutions in the last two centuries — the Constitution of the United States is a sacred document that has been amended little since it was first pro-

The Constitution of the United States is the foundation on which all American undertakings are based. It is, in the words of a justice of the Supreme Court, "The United

mulgated in the 18th century.

States of America."
In vinlating the Constitution, as Nixon did to further his nefarious interests, 10 hide, abuse, coerce, be shook the pilings of the American social structure. And it is this abuse of power, much more than his hatred of the press, that Americans hold against him.

Certainly. Nixon did some remarkable things as president. Even his fiercest critics will admit the success of his policies toward China and the Soviet Union; victories, it is true, that were waiting to be won. And be was intelligent enough In let Henry Kissinger try 10 hring about peace in the Middle East, although that did not stop him from

listening in to his secretary of state's telephone conversations. Nixnn even managed to 8

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Application of the

through some internal political re forms for which be must be given credit. And he knew how to handle the problems created by the Con munist world. But his suspicious bitter personality prevented him from adhering to the Constitution and made him try to change is meaning in attempting to increase his own power.

Most Americans believe the

Nixon betrayed them, that he failed in meeting the obligations of his high position and fulfilling his deties toward the citizens of his com

A majority of members of the Republican Party — of which he was the leader — supported motion to impeach him.

Nixon discredited himself in the eyes of Americans even if he more aged to hold on to some prestit overseas. He is through. The chi zens of the United States want only to forget this dramatic interlude is their history, which, coming at the same time as the agony of Vietnam came far too close to destroying the

Mr. De Segonzac is o fo North American bureau chief for the Paris daily France-Soir.



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that they attende for the status

economies and/or to protect their currencies from too much appreciachanging. U.S. authorities have listed accelerating inflation as the nation's greatest problem. So credit has been tightened considerably. While short-term U.S. interest rates

What will be the impact of tighter U.S. credit on NODCs?

One effect will be to increase NODC debt service charges by several billion dollars. Nearly all private credit to the NODCs is either short term or linked to short-term that U.S. interest rates start to peak rates. Hence, interest payments only after the U.S. economy slows



PARIS, NOVEMBER, 1978

ONE

1978 Euromarket

Shifting From a Dollar Standard to Multicurrency Reserves

Managing Syndications: eresites the great airs is Mrs. Gang and the dight. The Year of the Japanese

By Christian Hemain

voted out rankly ONDON (IHT) - Never have Of the five Canadian banks plence of the cor so many lent to so few — but of anthomography over all 1978 was the year of the finale of her flappanese banks. Although Citicorp a when she as as the top international establisher arread at a plent participating in the largest n off the har solume of syndicated Euroloan and, in the Hind tanagements during the first 10 irinks nothing conths of 1978, either as lead manager, manager or co-manager, Bank i Tokyo was a close second, illusting the forceful intension of represented in the top 50, Toronto-Dominion has the largest volume of managements. However, Canadian establishments are generally more committed in managements and comanagements than in the leadership of international transactions. Bank of Montreal, which ranks as No. 34, is the exception and the most active. Of 49 loan manageing (nuestion ating the forceful intrusion of apanese bankers in a field previments recorded over the period, Bank of Montreal participated in 20 lead managements, while Toronto-Dominion lead-managed only 12

operations out of a total of 48.

Record Activity

The record activity in syndicated Euroloans during 1978 is shown by the large volume of managements in which each bank has participated. Citicorp. the No. 1, shows an

impressive record of 90 participa-

the Euromarket, and consequently in the management of syndicated Euroloans, following the measures taken to assist the dollar at the be-

These measures, and especially the policy of high short-term rates of interest, should accelerate the recession in the U.S. economy by the end of the first quarter of 1979. With the demand for industrial and

commercial loans in the United

States declining sharply, U.S. banks having excessive liquidity could be forced to lend more on the

ginning of November.

top to Banks from nine different coun-II all the naties, plus two consortia, appear in The latter of these top 50 managing groups over the nothing top 50 managing groups over the latter of la the 1 S ambank, Sanwa Bank, Fuji Bank, Mit-wen did not rhishi Bank, Sumitomo Bank; moths have been one-Term Credit Bank of Japan, document of the first Bank, Dai-Ichi Kangyo unived she hacank, Taiyo Kobe Bank and Nip-

tions in loans totaling more than \$21 billion. At the other end, Cred-it Suisse is No. 50 with almost \$5 definitive in large Following the Japanese muscle is definite him open U.S. banking community with large of removed banks, including as well as say on the patieorp, Chase Manhattan, Bankbillion through nine managements. Thirty-one international establishments have each been committed in various mana merchanic dealers Trust, Manufacturers Hanover, rocredits amounting to \$10 billion plus. The great number of refinanc-Pattern in the lank of America, Chemical Bank, ella polita Morgan Guaranty, Wells Fargo, ings is obviously responsible for the incredible performance of the mar-ket in syndicated Euroloans in the percent again one continental Illinois. The first five l government these American establishments first 10 months of 1978. The numval and to ppear in the top 10, whereas there ber of borrowers did not increase in It were said re only two Japanese. This tends hare all that see indicate that the uninterrupted proportion to the global volume of loans, but the amount of borrowing Her about the fall in spreads did not affect the was so enormous that management Who tell the mericans too negatively although groups have opened up to a greater the law in hor he majority of them strongly renumber of banks than ever before. isted the general drop in margins. The performance of Chase Main-Forecasts are difficult to make as to how the situation will develop in lattan for the period has to be und-1979. However, U.S. banks could rlined. Even though Citicorp anks as No. 1 by volume, Chase vianhattan is No. 1 by involvement well be more active in lendings on

German Banks:

There are six German banks to the managers, but the managers of them contains the top 50 managers, but to managers, but top so managers, but to managers in the first high harmonic managers in the first high harmonic managers in the Japanese emergence in the state of the state had be much inness emergence is responsible for the kind that the behavior in the importance of reman houses. An interesting fea-Har has been an houses. An interesting feail for has been though only slightly, the
linder proper Westdeutsche Landesbank has super to the Compensate of the powerful Deutsche
linder to the Bank. Commerzbank and
attempting he Dresdner. Generally speaking
WestLB, which does not have prito the been slightly more dynamic than ed them that been slightly more dynamic than the delignment than the derman private banks. The latnot lend at too-low spreads because they have to provide their sharemey nave to provide their share-holders with a satisfactory return.

This may be the answer, but the major french nationalized banks, which rank as 18, 28 and 36, indicate that the type of shareholding does not a satisfactory return. in the state of th

in the line of the line fact, banks are competitive eight the part of the person of funds available for lending, the part of funds available for lending, the part of funds available for lending, With the first available reasons. During which commercial reasons. During the distribution of 1978 for the design example, U.S. East Coast banks were much more active on the Eu-romarket than their West Coast of for domestic loans was lower in the counterparts because the demand East than in the West.

The case of British banks is characteristic of a commercial approach. Two U.K. establishments. National Westminster and Lloyds Bank International (LBI). are included in the top 10 with NatWest attaining the prestigious third place. NatWest is by nature very secretive, but it seems to have followed a similar policy to LBI, No. 10, which is much coming about its acovities. Lloyds Bank International has never tried to hide the fact that a period of falling spreads can still be profitable for it. It allows the most competitive banks to enter into relationships with new customers, the commercial by-products of which com-pensate for the low margins granted on financial loans.

TOP 50 MANAGING GROUPS OF BANKS IN SYNDICATED EUROLOANS

DURING THE FIRST 10 MONTHS OF 1978

Section Continue			of Loans	No. of Involvements	<u>r.</u>	M*	<u>c.</u>
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Tighter Credit Expected to Squeeze Third World

ONDON (IHI) -- There are One effect will be to increase NODC [nonoil developing

term Eurodollar interest rates.

For example, assume that NODC Eurocurrency debt totals about \$125 billion and that interest

on the entire amount is tied to the

six-month Eurodollar offered rates.

Under such circumstances, the 4.5-

point increase in Enrodollar rates

since the beginning of the year would add about \$5.6 billion to the

interest burden of the NODCs.

This represents quite a blow since the increase in interest payments

A Squeeze

Moreover, tight U.S. credit could

also have a considerable impact on the export earnings of the NODCs.

The United States is by far the big-gest importer of the raw materials

and semi-manufactured goods pro-duced by the NODCs. Assuming

would be about 50 percent.

that the financial squeeze on non-oil developing countries (NODCs) will intensify next year and in 1980,

credit markets have been extremely liquid, and a persistently large U.S. current account deficit and capital outflows bave injected linge amounts of dollars into the Euromarkets. This happened at a time when most other industrial countries were following easy money policies in an effort to revive their

are still a point or two below the record highs of 1974, U.S. government bond yields recently have set

have been regularly increased in down, NODC exports to the Unit- also rise if the Organization of Peline with this year's rise in short- ed States could drop at a time when troleum Exporting Countries

countries] debt service charges by several billion dollars . . .

interest payments have been regularly increased in line with

this year's rise in short-term Eurodollar interest rates.

wealthy countries, which have tried to keep their labor-intensive industries protected from low-cost competition. Although the actual impact on export earnings of NODCs is difficult to measure, many analysts say protectionism represents a danger to the financial health of the NODCs.

Another problem, which is hard to quantify but is conetheless serious, is that there have been long delays and large cost overruns for

Ernest Stern, a vice president of the World Bank, recently warned financed by international banks. that protectionism poses a serious Not only is more capital needed to threat to developing countries experts of textiles, footwear, electron-the delays in getting projects under

as the result of a slowdown of the ments. U.S. economy and rising protec-tionism, their imports costs could do not really believe that they are

ed States could drop at a time when troleum Exporting Countries interest payments remained high. (OPEC) raises the poice of crude oil in December. Unlike Japan and the Another source of restraint on countries of Western Europe, most the export earnings of the NODCs of the NODCs have linked their has been a proliferation of trade currencies to the dollar. Therefore, barriers, quotas and tariffs in the there is no question of currency appreciation offsetting any rise in NODC oil import costs.

Debt Service

many of the development projects ic products and a host of other way means that the cash flow from manufactured goods. way means that the cash flow from these projects will not be available manufactured goods. these projects will not be available
While NODC exports may suffer to meet scheduled debt repay-

International bankers, of course,

infallible as far as lending decisions are concerned. And it is taken for granted that some countries will have problems with debt service. However, bankers argue that as long as their loans are widely diver-sified among many countries and that the exposure in any one country is oot too great, then there is not much risk as far as a loss of

earnings is concerned. Basically, when a loan is rescheduled and payments are missed, only a loss of earnings is involved. It is assumed that the principal will be repaid when the country is able

Implicit in this attitude is that no country would voluntarily default on its external debts in the sense of flatly refusing to pay. Such a posmre would force a country into isolation since banks could refuse to finance trade, as well as capital investments, with the country. Inextremity, banks could sue any third party that collected funds from the defaulted country. Thus, a country that voluntarily defaulted on its external debt would probably find its currency valueless as far as international transactions were concerned. Obviously, few would countenance this. North Korea would be an exam-

ple of the closest any country has come since the Second World War to flatly refuse to honor its external debt. In the last few years, North Korea has had discussions with

(Continued on Page 8)

Over-Liquid Dollar Mart A Symptom, Cause of Ills

By Carl Gewirtz

closed an important chapter this year on what is likely to be regarded as the least controversial and most useful period in its 20-year history: The recycling of the multibillion-dollar surplus of the

oil exporting states is over.

In place of performing the highly praised and no-longer-occeded function of financing the balance of payments deficits of the oil important the market has moved into ers, the market has moved into a new area — financiog industrial od-vancement in the Third World and reverted to some old habits serving as a springboard for curren-

cy speculation.

Both of these functions are a product of an over-liquid market resulting from the glot of dollars forced on the rest of the world by the enormous U.S. balance of payments deficit and the attendant right from the dollar. flight from the dollar.

This may change radically during the coming months. With OPEC no longer a oet supplier of funds, and the United States embarked oo a oght-money policy and likely to finance its payments deficit by in-tervening in the foreign exchange market with Deutsche marks, Swis francs and yen, the supply of dol-lars will be less plentiful. While this implies a tightening of lending conditions in the dollar sec-

tor of the Euromarket, it does not necessarily mean hard times for prospective borrowers. The interna-tional supply of DM, Swiss francs and yen will be swelled by the U.S. intervention, and lending in those currencies may pick up — especially if the dollar is perceived to have stabilized and borrowers' fears about borrowing in "strong" currencies abate

Some experts see the willingness of the United States to support the dollar by spending foreign curren-cies and the willingness of the West Germans. Swiss and Japanese to lend them the funds to do so on a scale not seen up to now as recognition by the authorities that the world has moved from a dollar standard to a multicurrency reserve system. Implicit in this shift is a growing international use of these other monies.

Borrowing

Overall, the oil exporters still have a massive \$80.4 billion on deposit with banks in the Euromarket at the latest count. But since the first quarter of this year, these states have been borrowing more from the banks than they have been depositing. In the first three mouths of the year, new deposits increased \$2.5 billion while loans extended to them rose \$3 billion.

Later figures are still not available from the Bank for International Settlements (BIS), which is the official datakeeper of the market, but it is reliably reported that the trend continued on "a substantial scale" in the second quarter.

Future increases in the price of oil may temporarily alter this status, but the important point is that the massive adjustment the rest of the world was forced to make to the quintupling of prices four years ago is over.

"The role of the Eurocurrency market has on the whole been high-ly beneficial," says Alexandre Lamfalussy, the economic adviser to the BIS. Without it, the intermediation of the OPEC surplus could not have taken place properly." But the market's main job of recycling those surpluses to deficit countries is completed.

"We are now in a situation in which the world balance of payments picture is much more bal-anced than at any time since the beginning of the OPEC striples, he says, with the obvious exception of the United States."

The U.S. practice of financing its deficit by issuing dollars has resulted in a mass of unwanted dollars sloshing around the international marketplace. The supply of dollars

PARIS (IHT) — The Euromarket dwarfed the demand and, coupled with the increasing pace of U.S. inflation, resulted in a massive shift

by private dollar holders into other monies whose international pur-chasing power appreciated. "Without this liquidity, of course, there could not have been the kind of currency unrest which we have seen," observes Mr. Lam-falussy, "because if you do not have excess liquidity people would have been unable or unwilling to transform dollars into other currencies. . . Nonbank institudons were able to borrow dollars

dollars from somewhere. They got them from the banks. "U.S. banks exported dollars on a very large scale. . . They supplied

(Continued on Page 8)

for clearly hedgiog, speculative pur-poses. They occided to get those

increased **Prepayment** Is Plaguing **Bankers**

ONDON (1HT) — Agreements on syndicated Euroloans generally carry a clause allowing borrowers to prepay their debts. Pre-payments, either to refinance the original credit at better conditions, or simply to wipe out a debt because of an improvement in the fi-nancial situation of the borrower, have plagued international bankers

There are, of course, exceptions to every rule, and it is possible to find some loans without prepayment clauses.

An example is Nuclebras, which at the beginning of this month in-formed banks of its intention to prepay a \$30 million credit signed in December, 1977, on the basis of a spread of 1% during 5 years. However, the lack of a prepay-

ment clause in the Nucleoras loan agreement does not mean that the borrower will not be able to prepay its debt. It is difficult for international bankers to resist debtors who want to prepay.

In such a case, the question is one of negotiation power. For the banks involved in the Nuclehras transaction it would be extremely difficult to refuse the prepayment since the loan is guaranteed by the Federative Republic of Brazil itself. Simultaneously, the West Germans are so wrapped up in Brazil's nuclear development that it seems al-most impossible for them to turn down Nuclebras' wish.

Banks are bursting with liquidity

and spreads have dropped drastically. This, of course, has encouraged borrowers to refinance their former debts on the basis of lower margins and longer maturities. In other cases, the improvement in the balance of payments of various countries has allowed them to pre-pay loans originally raised to finance previous deficits. The Kingdom of Spain is one example. It decided in the third quarter of 1978 to prepay a \$1 billion 5-year loan signed in August, 1976, because its balance of payments exceeded \$7

Prepayments

Whatever the reasons, Eurobankers do not like to face prepayments because their returns could be lower if the loan is refinanced, or their portfolio is unbalanced if the loan is simply repaid. Tony Constance, the general manager of Manufacturers Hanover Ltd., summed up the feelings of the international banking community when he said: "The ideal would be no prepayments at all."

Unfortunately for bankers, the (Continued on Page 11)

Over-Liquid Dollar Market Is a Symptom and a Cause of Ills

dollars in the form of loans to the rest of the world where someone either hedged or speculated. At the same time, Eurobanks withdrew deposits from the United States and placed them outside.

The Eurobanks did not specu-

late because if you look at the fig-ures, you see the spot position in dollars increased — they were out buyers of dollars. But they supplied credits. If the U.S. banks and the Eurobanks had not been able to dollars so substantially, it would have been much more difficult for those who speculated to sell

Reverted

Essentially, the Euromarket has reverted tn its pre-1973 behavior of amplifying the U.S. deficit's liquidity-increasing effects.

We are oow back in a situation in which the expansion of international bank lending has become supply-led," pushed by the liquidity of the system rather than pulled by credit demand, says Mr. Lam-

Ouite a few deficit countries were able to finance more than their deficit," he adds, noting that "in many instances, conoil developing couotries have become oet suppliers of funds to the Euromar-ket" as a result of having built up their reserves through Euromarket borrowings.

"I'm not suggesting that we are back to 1971-73, where internatiooal liquidity creation was excessive and inflationary. What I am saying is that we have moved away from the period where the international liquidity-creating effect of the Euromarket was clearly a beneficial thing. We are now between the two situations. We're oot back to the '71-'73 situatioo because then there was overfull employment. Nevertheless, we do bave a liquidity creation which, to my mind, is exces-

Margins

One obvious result of this situation has been the sharp decline in margins banks charge on syndicated loans -as low as a half percentage point over the Londoo inter-

bank offered rate (Libor) for borrowers who had to pay 14 percent over Libor three years ago — accompanied by a stretching of maturities to up to 15 years over the companied by a stretching of maturities to up to 15 years over the companied by a stretching of maturities to up to 15 years over the companied by a stretching of maturities to up to 15 years over the companied by a stretching of maturities to up to 15 years over the companies to the rities to up to 15 years compared to the seven-year maximum a few years back. At the same time, the size of loans has increased sharply, with amounts of \$300 million to \$500 million rather commonplace

"I doubt that such margins are sufficient to cover banks' needs to finance capital and reserves." says Mr. Lamfalussy — a view shared

creditors, without reaching a last-

cerned about the fact that when they lend they do it at so narrow a spread that they're diluting their capital and their earnings," Mr. Wallich says.

"Bankers ought to realize their capital is being wiped out gradually by inflation. If a bank has \$100 million in capital and inflation is running at 7 percent, the purchasing power [of the capital] is that

bankers often seem to forget to de-duct the inflationary erosion from their after-tax earnings on capital.

The U.S. banks appear to have got this message as the level of their lending activity has slowed considerably — an increasing resistance to the low margins coupled with a pick-up in loan demand at home. Nevertheless, overall lending in the Euromarket will set a new high this year due notably to the increased participation of West German and Japanese banks. According to data

much less," he explains. But be says compiled by Morgan Guaranty bankers often seem to forget to decy bank credits were completed in the first 10 months of this year, topping the record \$41.77 billion for all of last year.

The highly liquid monetary con-ditions and the high level of leuding activity are likely to be altered in the coming months. The avail-ability of funds is likely to be sharply reduced and borrowing costs — both the Libor base and the margin banks charge — are

In its battle to defend the dollar, the Fed has taken two steps aimed at increasing the demand by U.S. banks for Eurodollars by removing the reserve requirements on such borrowings and by raising reserve requirements on banks' domestic

certificates of deposit. "The combined effect will tend to slightly raise rates on Eurodollar deposits and this will have some effect on pulling nondollar funds into dollars and thereby strengthen the dollar," says Mr. Wallich.

Tighter Credit Expected to Squeeze Third World

Already some fairly large rescheduling of bank loans has

ing agreement. The country is still eved to be insolvent. However, two creditor groups have been formed to discuss the repayments problem. A group led by Morgan Grenfell and Co. has been charged with dealing with bank loan defaults, while a group led by the Australian and New Zealand Bank-Corp. is monitoring trade bill aults. The Bank for Internatiooal Settlements (BIS) has listed North Korea's debts to private banks at \$560 million. Its other debts are not known but could total about \$2 billion, including about \$700 million owed to the Soviet remaining five years. Union, specialists say.

While some NODCs may get into financial trouble in the years ahead, some debt rescheduling in the past has worked well. For example, Argentina was considered to have had almost intractable problems in 1976 when its debt was rescheduled. At the time, the oation was gripped by civil strife, inflation was running at more than 70 per-cent and its trade deficit was widening. Today, only two years later, the country is enjoying a certain amount of prosperity. Its international payments are in better shape than many industrial countries and its borrowings are well received by the banking community.

In 1975, Iodonesia looked as if it were in serious trouble because of

mismanagement of the national oil company, Pertamina. Now, Indonesia is paying its debts oo time and is currently raising \$300 million over 10 years at a fairly prestigious lending margin of 0.75 points above interbank Eurodollar offered rates for the first five years and 0.875 points above the rates for the

Nevertheless, international bank-ers will undoubtedly be faced with the oeed to reschedule a fairly large amount of debt in the coming two years. Already some fairly large res-

cheduling of bank loans has begun. Turkey has proposed reschedul-ing of about \$3.36 billion of its debt coming due before Jan. 1, 1981, in the form of a seven-year loan with a three-year grace period before repayments of principal shall commence. The loan would bear interest at 1.75 points above interbank Eurodollar offered rates In addition, Turkey has asked banks to participate in a new sevenyear loan facility of up to \$500 million on the same terms.

eration and Development (OECD) to reschedule about \$1.46 billion of debt. It has also arranged certain borrowing facilities with government agencies. As part of the proposals Turkey has agreed to accept surveillance by the International Monetary Fund (IMF) and has instituted an austerity program aimed at increasing exports, reducing domestic consumption and eliminating deficit spending by state enterprises.

Реги

Peru has had debt servicing problems since 1976 and has reached various ad hoc arrangements with banks in the last two

Earlier this month, Peruvian Finance Minister Javier Silva Ruete reached a tentative agreement with OECD governments to reschedule \$568 million of government-to-gov-ernment debt coming due in 1979 and 1980. The rescheduled amount would be repaid over seven years after a two-year grace period.
In addition, Mr. Silva Ruete said

Turkey has already reached agreement with 14 countries in the Organization for Economic Coop-chedule about \$800 million of debt

coming due in 1979 and 1980. The debt would be stretched over 7.5 years with a three-year grace period. However, bankers say the financial terms for this extension are still being negotiated. In July, a syndicate led by Manufacturers Hanover Trust Co. agreed to post-pone debt repayments of \$185 mil-

but there appears to be little choice. At the end of last December, Peru's total external bank debts came to about \$3.4 billion.

lion falling due this year until Jan. 3, 1979. It is not yet known whether

the Manufacturers Hanover group

will agree to a further extension

Zaire has oot yet been able to win international backing for its debt restructuring plans. At a meeting in Brussels this month between Zaire officials and representatives of 12 governments as well as delegates from the IMF, OECD and World Bank, Zaire was granted only limited credit facilities until a thorough reorganization plan can be worked out with representatives of the IMF, probably early oext

Since 1976, Citicorp has had preparations in hand for a \$250 million standby facility for Zaire. Initially, it was envisioned that disbursement of the facility would depend on Zaire's catching up on its overdue interest and principal pay-ments. Since Zaire was unable to comply, the facility was later modi-fied so that disbursements would be mainly related to financing specific impart transactions, deemed necessary for export production. So far, however, the facility has not been put into operation, bankers

Zaire's external debts are estimated at about \$3 billion, of which overdue interest and principal is estimated at between \$600 million and \$700 million.

Some other countries are having debt payment problems.

Jamaica recently had to reschedule some of its external loans after local terrorism drove away the tourist trade, and exports of bauxite and alumina encountered productioo snags and falling world

Sudan is reportedly about one year behind on its debt service. It owes about \$725 million to banks and another billion dollars or so to the Arab oil-exporting states. However, the country has instituted a program under which foreign exchange receipts are blocked and released only for export-related proj-

The political situation in Nicara-gua remains unsure, bot it is certain that the country will have to stretch out its short-term external bank

Bankers say that Zambia is making its payments on time. However, the landlocked country still has problems shipping its principal export, copper. The Benguela railway through Angola is still closed, and until recently Zambia's border with Rhodesia was closed, which represents the only other route for copper shipments.

tightening domestic monetary conditions and has lowered its money-

supply growth targets.
The growth of high-powered money in the U.S. domestic ecooomy sets the foundation for the Euromarket system in that it sets the level of real interest rates in dollars applied worldwide," says Amex Bank economist Kevin Pakenham. "By reducing the growth rate of high-powered money in the United States you put pressure on all forms of dollar moneys throughout the domestic and international systems. The effect would restrict the growth of the Euromarket and if the Fed continues with its policies, which we expect it will, it will reduce quite markedly the [easy] con-ditions in the Euromarket seen in

the last two years."

Yet another likely restraint oo international bank lending in the coming months, he notes, is the capital position of the banks. Their willingness to intermediate both risk - accepting deposits from one to lend to another - and time, using three and six-month deposits to make five to ten-year rollover credits, is a function of their own expectation of future profitability as well as their own gearing, the extent to which their profits over the past year enable them to cootinue to build up the level of their assets (new loans) without running into constraints imposed by the relationship to their capital base.

"I think there are signs they are goiog to ruo into gearing constraints," says Mr. Pakenham, due to the lower profitability resulting from the narrowing of lending margins. This would have happened much sooner had it not been for the activity of the German and Japanese banks who continued to be aggressive lenders all of this year. The American banks had already begun to feel the pressure I've been talking about."

In addition, he sees a sharply curtailed role for the German and Japanese banks. Domestic ecocomic activity is picking up in both countries and the banks will be forced to do more business at bome. At the same time, the pace of their international lending will be affected by the strengthening of the dollar.

"The capital bases of those banks in dollar terms has increased

ty which has come from the tal-

Developing Countries

It remains to be seen how all this will affect the ability of the veloping countries to continue ping this market to finance the dustrial development. The inter tional banks essentially has usurped the role traditions played by risk capital in financial economic development in a m of succeeding. Private investors course, wary of the apparent initiality and uncertain reception, we not competing to play a role.

Financing development was loans falling due within five to years is a riskier business than ing permanent capital. But analy maintain that, in fact, the ba-loans are permanent, although to banks obviously have the option not renewing them. The point the experts make is that banks is obliged to deploy their funds at that the margin on the loan assurbanks the return is greater the their own cost of money. Thus, is banks need only concern then selves with the borrower's ability continue servicing the loan and sured of that, should be willing continually roll over matur

"If the bank loans are actual put to work, I see oo reason wh banks should not be willing or able to finance an ongoing process of this sort," says a senior economic at the Organization for Economic Cooperation and Development "At the beginning, the process ming look risky, but at mid-point, when you can see the country actfully and developing, financing should be at come ever more attractive" to the

While the cost of oew borrowing is bound to increase in coming :1 " months, banking experts see mireason for the developing countries to fear being crowded out of the market. For while lending terms; 15 will harden, the demand for credit is expected to decline. Most of Western Europe will have no neathern to tan the international market next year as they are expected to register, with current-account surpluses, and with by a phenomenal amount — in the case of the Japanese banks by a factor of 30 percent. The increase in their international lending abili-

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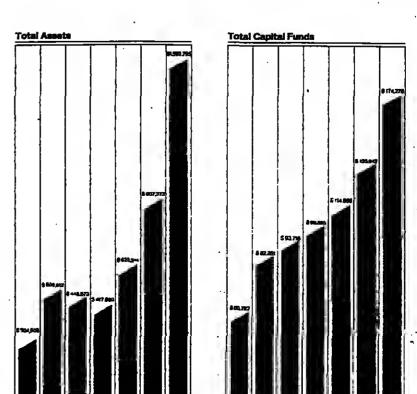
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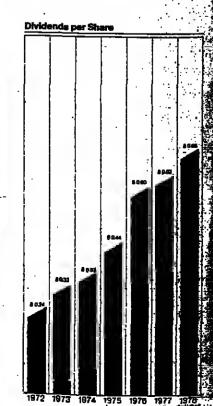
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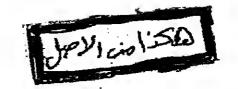
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* Interim results 9 months to September 30, 1978:

■ Net income: \$24 million ■ Earnings per share: \$3.55 ■ Revenues: \$382 million







Multicurrency Options Allow Borrowers to Cut Loan Costs th has come home.

By Anne Segall

al borrowers have received usually somewhat limited because only a very few major currencies can be freely obtained in the Euro-It affect the dollar most Eurodollar loans. The uses if affect the ability most Eurodollar are made on a grountries in unflower basis. This means that its market to be is marker to financiough banks commit their funds I development. It several years, they reserve the banks. b.mk. Compatt to revise the interest charge in the risk aprial a hree or six months. In the space are development a process of the control of tic development use 18 months, Eurodollar interof States dome rates bave soared from around 5 reading. Private by nore than 11 percent. They are wary of the property of the

ceding. Private me nore than 11 percent. They are warry of the appayed to go even higher. It democration recept his has made a mockery of the appayed to go even higher. It democration recept his has made a mockery of the appayed to play an ampts — which have been such that the play an ampts — which have been such a fisher having full — by borrowers to squeeze alling due withinker margins out of the banks. To a fisher having regins have declined from an avinancial capital bange of 1.5 to just 0.75 percent for the permanent alternative rolling over a Eurodollar within the fisher head to an today has to pay around make it that preferent, margins and all, communication their leaf with just 6.5 percent or so altergian on the leaf wast year. On a \$500 million loan, the return ntargin on the least year. On a \$500 million loan, the return to bet means an extra charge of \$27.5 Il cost of mone thon a year. For a country like ith the hornwer in \$20 billion in the Eurocurrenservicing the lagmarket, it could mean an extra

that, should be billion a year — which it can ill ally roll over ;ord. is a result international borte bank loans avers have begun to scramble for work. I see holdens in other currencies (such as mould not be will Deutsche mark or yen) where see an original g interest cost is lower or to borden at the second of currencies in second or the second of currencies in the seco organization for fer to reduce their overall interition and Darburden.

heguning the prodany borrowers are now also cy, but it midpers to insert multicurrency clauses i see the comin heir straightforward Eurodollar

ng, financing the contracts giving them the oper more allustrate to swap part of the loan from lars into, say, the mark at the the cost of new her dates. Nigeria, for example, bunking expensions in its true \$1 billion banking expensions in its two \$1 billion or the developmentoon loans and is expected by being crowded takes to make full use of them.

For while lengthilticurrency options are not a continuously became

en, the deningly invention. They first became ted to decline bular in 1974, and bankers estimated to decline bular in 1974, and bankers estimated to decline bular in 1974, and bankers estimated to the latest estimated to the decline bular in 1974, and bankers estimated to the latest es liurapy will havite that around one-fifth of all international new Eurodollar loans they have iet are expectalede since then give the borrower caranit surpluse; right to swap some of this dolcount growth or debt into other currencies. In that slip miones past, few bothered. Now they much by U.S he beginning to think of doing so.

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the man control them to By Anne Segan loans to offer such municurrency facilities, although the choice is facilities, although the choice is usually somewhat limited because practice for banks making new about the same in the mark and risk unless they had matching assistant to offer such multicurrency just 4 percent in Swiss francs. markets.

> The attractions are obvious. A borrower rolling over his Eurodol-lar loan in dollars today would have to pay interest at more than 11 percent, plus a margin for the bank. If he opted for the mark, bowever, he would have to pay only abont 4 percent, plus margins. On Swiss francs, it would be an even more incredible 1/2 percent plus

Swapping out of dollars, even for a short period of three or six months, does of course involve an exchange risk for the borrower. It could cost him more to replace the marks. Swiss francs or other currency when it comes to paying them back a few months later.

Countries that export to Germa-oy, Switzerland or Japan and, therefore, have hard currency earnings to fall back on, are less exposed and are becoming increasing-ly tempted by the interest differential. Venezuela is the outstanding

Even those with less cover are beginning to take the view that the dollar has already fallen so far this year that further falls, if they come, are unlikely to outweigh the savings in interest that can be obtained by shifting into other currencies on a

The incentive to borrow in other currencies than the dollar is even greater in the fixed-interest market. Long-term, fixed-rate dollar hinds are virtually unohtainable today, even at around 10 percent.

International investors, who bought around \$27 billion worth of Eurodollar bonds since 1975, are oow nursing huge losses and bave little stomach for more. In the first nine months of this year, they bought only \$6 billion worth of oew issues, against \$9.5 billion dur-

ing the same period in 1977.
Since the beginning of October, the market appears to have almost dried up completely, leaving potential borrowers stranded.
International investors are turning to other currencies instead, not

only because they can be more

readily obtained on a long-term

basis, but also because they are, cheaper. German and Japanese interest rates have risen somewhat during the last couple of months.

The gap between these and longusually somewhat limited because term dollar rates is biggger than it has ever been. Many borrowers believe that it is unlikely to oarrow. given that the United State appears to have entered a period of com-paratively high inflation.

Fairly Sanguine

The interest gap is also so big as to make borrowers feel fairly sanguine about the long-term exchange risk of borrowing in hard currencies. According to the Loodoo stockbrokers, Strauss, Turnbull, the dollar would have to fall by around 25 percent against the mark, 20 percent against the yen and 30 percent against the Swiss franc in the next 10 years to eliminate the interest savings obtainable by borrowing in these currencies instead of

Even so, few companies would be prepare to take such a long-term. S3 billion worth in Japan.

countries are less wary. Many have such pressing financial problems that they are inclined to turn a blind eye to the future for the sake of making ends meet oow.

Figures produced by Morgan Guaranty of New York show that a couple of years ago, 60 percent of all international bond issues — including those by foreigners in Germany. Switzerland and other do-mestic markets — were in dollars. Now it is ony 40 percent.

In the first three-quarters of the year alooe, foreigners — mainly governments and their agencies, as well as international organizations like the World Bank — managed to raise \$5 billion worth of Deutsche mark boods, one-quarter of those within Germany, the rest oo the ioternational capital market.

They also raised \$4 billion worth of bond finance in Switzerland and Latin American countries (e.g., contly even included a bond and Venezuela. Brazil and Mexico) put straight domestic loan component. in a regular appearance in these markets. But Canada, Australia, New Zealand and Denmark were the biggest borrowers of all.

Loan Packages

For the last few months, bankers have begun to work out even more ingenious ways of catering to their customers' desire to reduce their overall interest burden without taking on excessive exchange risks. The idea is a simple one: loan packages that combine a basic Eurodol-lar component at floating rates with a little cheap, long-term mon-

ey in, say, the mark or yen. The long-term money is provided either in the form of boods issued kind that German and Japanese

Japanese banks have been particularly active, encouraged by the

Japanese Finance Ministry, which is hoping to reduce the country's embarrassing balance of payments surplus through capital exports. Bankers are enthusiastic, too, because they can refinance the fixedrate yen loans relatively cheaply in the domestic market. In addition, the fatter margins that they are able to earn on them compensate in part for the rock-bottom margins obminable on ordinary Eurodollar rollover credits.

For example, in September, a group of Japanese banks put to-gether a package for the National domestically or internationally or, recently, in the form of ordinary long-term domestic leans of the latter a package for the National Bank of Hungary that consisted of a \$100 million Eurodollar rollover recently, in the form of ordinary long-term domestic leans of the

lo October, the Bulgarian Bank ers. A few loan packages have re- for Foreign Trade got a similar deal mestie loan.

Euromarkets_____

lo the same month, Australia got an all-yen financing package that consisted of a 40 billion yen 10-year loan at a fixed rate of just 7.1 percent and another 40 hillion yen 20-year loan at a fixed rate of 7.6

Now, it is the turn of the Mexicans. They are being offered an interesting package of dollar and fixed rate yen financing German and Japanese banks

have a monopoly on this kind of business. This is oot only because their currencies are cheap and therefore in demand, but also because the capital structures io both countries are such that the banks can get matching funds domestical-ly without too much trouble.

In Germany, the Landesbanks (state banks) are in a particularly strong position. They are allowed

Still, the most interesting growth area is the United States. lo relative

terms, the Uoited States seems to foreign bankers to be underbanked.

They feel that with their owo expe-

rience in running hranch networks, it ought to be possible to make money out of the weaknesses of the

U.S. banking system. In Britain, banks are held back by the practi-

cal impossibility of expanding net-works very much. Indeed, the

banks are busy paring down their networks. And although there is a certain caution about the entry fee

needed to get into U.S. retail banking, on balance the growth poten-

But perhaps a deeper reason for wanting to expand abroad is that

the more international the British

banks become, the less vulnerable they would be to threats of nation-alization at bome. While oo one

knows bow serious a threat hank

nationalization actually is - since

it is far from being official Labor

Party policy — there is no doubt that British bankers are deeply worried about it. The push to be-

come less British and more interna-

tional might have something to do with the desire to wave some sort of

tial makes it seem worthwhile.

in the shape of a \$90 million rollo-ver loan for six years accompanied by a five-year 7.5 billion ven do-ness. Westdeutsche Landeshank (WestLB), which has expanded successfully abroad in the last few years, has some 30 billion DM in bond finance of its own for on-lending. Therefore it has been able to make the most of the situation

when providing international cli-

ents with long-term mark loans. In October, for example, West LB put together an impresseive package in the mark for Venezuela that included a straight 150 million DM, 12-year bond and a 12-year domestic currency loan for 350 million DM. A little earlier, WestLB led the German syndicate that provided Portugal with a package consisting of a \$150 million Eurodollar rollover credit and a 420 million DM, 10-year fixed-rate loan.

The big three German commercial banks (Deutsche Bank, Dresdner and Commerzbank) do not have the same ability to issue their own bonds domestically and are, therefore, at a relative disad

vantage.

But they, too, have been making medium to-lung term loans to foreign customers. They do so partly by on-lending domestic savings de-posits and large-company deposits. although these seldom extend be-yond five years and the banks are allowed only a limited amount of mismatching by the German bank-

ing authorities.

These banks are also making bond issues of their own in the Euromarkets, Deutsche Bank, for example, which has been quite ac-tive in making foreign loans this year through its Luxembourg subsidiary, raised 200 million DM for five years through a private place-ment in Luxembourg in April. It has just raised another 100 million DM in the same way.

The hank's most impressive deal was the spring package for Canada, to which it included an offer to make a private placement of a staggering 500 million DM of five-year bonds for the Canadians and took most of them onto its own

Deutsche Bank decided last month to sell a part of its holding in the secondary market in order to make room for more medium-term lending to other international borrowers. There is little doubt that these, as other types of multicurrency financing packages, are likely to get eveo more popular as banks and their customers learn to like

British Clearing Banks Expand into the United States

By Hamish McRae

ONDON (IHT) - The hig British commercial banks the clearing banks — have long tak-en a more restrained attitude to international business than either their merchant banking competitors or, naturally enough, those banks that Loodon spawned to provide banking services to the empire. Just as the existence of merchant banks until recently inhibited their movement into merchant banking business, so the existence of specialist international banks inhibited their incursion into

international banking.
But that is now history. During catch up with their foreign (particularly U.S.) rivals and, if anything. the pace has heated up during the last 12 months.

The Big Four

There are two principal direc-tions that the banks have taken in seeking to expand their business. For one, further efforts have been made to build up London-based Eurocurrency business. For the other, they have been working to establish a better international t has become almost standard costs only about 7 percent in yen, trities in the United States.

clearing banks have been hit by the sharp narrowing of spreads oo Eurocurrency business. But this has presented an opportunity for the banks that were prepared to contio-ue lending at reduced spreads to increase market share. Midland Bank in particular seems to bave made an effort to exploit this opportunity. It has ebosen to do so by boosting the proportion of Eurocurrency business booked through the partner bank, rather than through Midland and International Banks Ltd. (MAIBL), its affiliate consortium

The desire to do international business "in house" is also evideot the last few years, the clearing at National Westminster, which has banks have made a furious effort to a 20-percent interest in Orion. a 20-percent interest in Orion. while Barclays has long preferred to attack international business from its bead office rather than through a partly owned subsidiary.

Lloyds, the other member of the Big Four, has recently been recrganized to give its main board only group responsibility, leaving domestie management to a separate management board — a move that was intended to enable it to carry out its international responsibilities unencumbered by domestic retail operations. This is a perfectly logical move, given the amount of board time international business. has been taking up. But it may also signal a further emphasis on the in-

U.S. Drive

But the most exciting event of the last year has been the drive by the banks into the United States. Both Barclays and National Westminster are seeking major acquisi-tions, pending Federal Reserve approval. Barclays has won shareholder approval to take over American Credit Corp., a Charlotte, N.C., consumer finance group, while NatWest has negotiated to buy the 140-branch National Bank of North America. Although the NBNA deal was signed at the end of August, Federal Reserve permission is not expected before next

A further shadow hangs over the NatWest enterprise: New York state banking legislation under proposal could frustrate this.

But the fact that two of the four banks should be trying to expand in North America elearly indicates the potential seen there.

Two of the "British empire" banks, the London-based Standard Chartered and the Hong Kong-based Hong Kong and Shanghai Banking Corp., also have a strong folio management.

desire to build their U.S. bases. Standard was recently thwarted in its efforts to expand further in California, but Hong Kong plans to take a major interest in Marine Midland, if the deal gets official

Rumors

There have been rumors in London that Midland would also expand in the United States, (At present, it is represented there by its tourist and traveler's check subsidiary. Thomas Cook, by insurance brokers Bland Payne and by a minority interest in European American Banking Corp. Midland's Chairman Lord Armstrong hinted in an interview that the hank would like to expand in the United States. possibly through some form of financial service other than banking.

All this activity tends to overshadow the expansion made elsewhere by the clearing banks as well as the modest efforts the merchant banks have been making outside London to strengthen their services. Perhaps the most interesting area of growth in merchant banking has been the advisory services to central banks on currency and port-

stick, should the banks one day be faced by an aggressively left-wiog British government.

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Penalty Fees Reappear as Number of Prepayments Rises

ONDON (IHT) — "In a fixed rate market, it would be suicidal not to have a penalty fee on prepaid loans. When Eurobanks lend on a floating-rate basis, there is much less pressure." This comis much less pressure." This com-ment by a Chase Manhattan senior executive explains why, contrary to the prepayment clause, which is always present in syndicated Euroloan agreements, a penalty fee does

not accompany every prepayment. By imposing a penalty on pre-paid loans, banks seek compensation either for a lack of return if the credit is prepaid and not refinanced, or for a lower yield if the transaction is restructured with conditions more favorable to the

However, penalty fees suddenly appear, then disappear, depending on the state of the market. They be-gan to be abandoned in 1973, then tended to re-emerge in 1974 before vanishing from most loan agreements during the next three years.
"It has not been in a single loan we have made since 1976," said Dryden Liddell of Chase.

Generally, it seems that the pen-alty fee falls into oblivion when the market is bullish, especially when it turns into a borrowers market. It is hard to give this phenomenon the force of a general law, but there is certainly a close relationship between the penalty fee and the mar-

On the other hand, the avalanche of prepayments in 1978 had the efpushing banks into re-introducing the penalty fee. During the second half of this year, West Ger-

force a penalty fee in all new loan agreements. Some banks were even reported to be asking for a management fee in cases of refinancing, a rather unprecedented demand.

When two parties agree on the penalty fee and it is included in the contractual document, it becomes a paid in the case of premature repayment. The German law, however, does not make such a clause mandatory in every case. In fact, the German law sometimes makes it possible for the borrower not to pay the penalty fee, even if such a fee is stipulated in the loan agree-

Under paragraph 247 of the German Civil Code, a debtor is entitled to prepay a loan when the rate of interest exceeds 6 percent. In such a case, the borrower is able to prepay the debt without any penalty fee. This has already happened with some Eurobond issues, have been prepaid at par although the loan agreement stated that any prepayment should be made at a

The same would occur with a syndicated loan carrying a floating rate of interest. A legal opinion, recently given by a German law firm in answer to a question put by a well-known Contineotal bank about an International Investment Bank (IIB) loan governed by German law, emphasized that "the banks may not be entitled to the repayment fee provided for in clause 5[Q] 111 of the loan agreement, should the borrower make use of the special right of premature repayment under paragraph

Borrower	Amount	Maturity	Spread	Signed .	Penalty Fee
Banque Nationale d'Algerie	U.S. \$120m	7 years (3 years grace)	3 years @1½; 4 years @1½	13.7.78	1/2 % for first 3 years; 1/4 % thereafter.
Banque Nationale d'Algeris	U.S. \$ 50m	7 years (3 years grace)	11/4% above 6 mo. Libor	Oct. 78	1/4 % for first 3 years; 1/4 % for last 4 years.
Casta Rica	U.S. \$ 70m	10 years (4 years grace)	4 years @ % %; 6 years @ 1 %	25.10.78	1/2 % for first 4 years.
Costa Rica	U.S. \$110m	. 10 years	4 years @ % %; 6 years @ 1 %	25.10.78	1/2 % for first 4 years.
Kingdom of Denmork	U.S. \$1,235m	7 years (4 years grace)	% %	Ta be signed 3.12.78	1/4 % of the amount prepaid multiplied by the number of years remaining to final maturity.
stituto per la Ricostruzione Industriale (IRI)	U.S. \$500m	7 years (54 mo. grace)	%%	30.10.78	% %.
nternational investment Bank	U.S. \$500m	10 years (5½ years grace)	2½ years @% %; 7½ years @% %	8.9.78	Prepayments are permitted after 1 year of each drawdown with the following fees: ½ % during 2nd year; ¾ % during 3rd year; ¼ % during 4th year; ¼ % during the remaining lifetime.
iociete Financiere pour les Telecommunications et l'Electronique (Lux) SA	U.S. \$ 35m	5 years (2 years grace)	1% %	20.1 <i>.77</i>	V ₈ % payable annually for the period remaining until the repayment is due under the agreement.

247 of the German Civil Code," The opinion added that "the fact that paragraph 247 of the German Civil Code has not been mentioned

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in the loan agreement does, howev- well known, could come as a shock er, not affect the validity of the to some Eurobankers involved in loan agreement." This aspect of transactions falling under the Civil German law, which is generally not Code.

1% %

months after the relevant date: 3/8 percent during the second 12 months after the relevant date; 1/4 percent during the third 12 months after the relevant date and 1/8 percent during the remaining lifetime of the loan concerned."

No Fee

Sometimes, there is no penalty fee for the very last years of a loan since the parties consider that the loss of earnings for the lenders would be minimal in the case of prepayment. The loan agreement for instance, of the Portuguese Correios e Telecommunicacoes de Portugal \$50 million 6-year credit signed on April 18, 1978, (agent: Kredietbank Luxembourgeoise) an-ticipates that "the borrower will be entitled on any interest date to prepay the totality or any part of the loan with a premium of 0.20 percent from the effective date to Jan. 1, 1980; 0.10 percent from Jan. 1, 1980, to Jan. I, 1982, and without

any penalty after Jan. 1, 1982." The penalty is generally a flat fee. Nevertheless, there are some exceptions. The Societe Financiere pour les Telecommunications et l'Electronique (Luxembourg) SA \$35 million 5-year loan guaranteed by the Italian state-owned STET. which was signed on Jan. 20, 1977, (agenis: Banque Europeenne de Credit SA and Kredielbank NV) includes a penalty fee of 1/8 per-cent payable annually for the perod remaining until the repayment is due under the agreement.

Obviously, the degree of the penalty is inversely proportional to the credit worthiness of the borrower. The higher the prestige, the smaller the fee.

It is even conceivable for a highly rated sovereign risk oot to consent to the payment of the penalty fee. In the past, some governments the amount to be prepaid and will have flatly refused to pay the man-be 1/2 percent during the first 12 agement fee initially agreed with have flatly refused to pay the manthe lead manager. This is a kin blackmail that happens when government concerned clear that any enforces fee would result in an un break in the relationship the establishment and the dille this occurred with mer fees, why oot with penalty fee

prep

Not the Point

The general manager of a le U.S. hank said that the pena is not the point. The importa-ment would be no prepaying all." Nevertheless, the huge fi refinancings that developed in has now made international h well aware of the necessity tag tect their returns with prethe case of prepayments. Then Eurobankers will try more more to include them in loan as ments.

It is already characteristic some refinancings arranged on basis of extremely low marging at the 5/8 perceot level, antiments. This is an indication the ternational banks are trying embed the penalty fee in any agreement, as is already the

Of course, the international of the original origin to be in the borrowers' favor. But will be difficult for them to the state of the against the universal will of the state of the st the penalty fee can be proposed in the same a bargaining factor for lower as a same factor for lower as a same factor. gins or other advantages. The start possibility of canceling the preparation ment clause in agreements at annual corollary to an unavoidable emeth the sioo of the penalty fee.

Canton in .

'Topping Up' the Margins

PARIS (IHT) — While bankers arrange the financing. But the banks may have little interest in narrowing of margins on syndicated Eurocurrency bank loans, this has oot stopped them from partici-pating in low-margin loans — a result of their own abundant liquidity, the pressure from competitor banks and a desire either to establish or maintain close, friendly relations with particular borrowers.

0.10 %

1.1.1982-

No penalty after 1.1.1982.

The percentage of the penalty fee varies sharply from one loan to another. The basic idea is that the

closer the loan is to its final maturi-

ty, the lower the penalty fee should be. As an example, the IIB \$500

million 10-year loan signed on

Sept. 8, 1978, with Dresdner Bank

as the agent, states that "the pre-

payment fee will be calculated on

The borrowers have a lot at stake m driving down the amount over the London interbank offered rate (Libor) they pay on loans: it means a very real reduction in their costs and, less tangibly, a rise in national

But cootrary to the general impression, the spread on a widely syndicated loan does oot serve as the rate for a borrower, but rather as a benchmark for the smaller, nonsyndicated suppliers' credits banks are called on to finance.

Bankers prefer not to discuss such "topping-up" of margins but admit it is practiced by almost all Western European banks. And while they insist this does not extend to loans syndicated among a large number of international banks, something quite like it was used to salvage the \$1 billion jumbo loan put together for Nigeria.

"It happens from time to time,

but only in connection with export financing," a West German banker says. "The supplier is anxious to win an export contract and must

going along — either they are full up with loans to the importing country, or the cooditions are too unattractive. So the supplier has to induce the banks to do the deal."

from an eighth to a quarter of a percentage point over the margin on syndicated loans for the same borrower. The inducement is financed by the supplier through increasing his export price or, if the competition for the contract is too great and that is not possible, a cut in his own profit margin.
"It happens," says a U.S. banker,

"because a supplier really under-stands that the banks can't lend at those rates and he wants the business and is agreeable to do it."

In the case of Nigeria, however, t was the borrower who stepped up to induce a group of West German banks to participate in the jumbo loan. A target of \$1 billion was originally set with a margin of one percentage point over Liber for the first four years and 11/4 for the final four years. The terms were tight and the German banks, which had already committed 750 million Deutsche marks (for seven years at 1½ over Libor) to finance a Nigerian project being supplied by West German firms, refused to participate — fearing that when the time came for Nigeria to pay for the West German exports, the money

The Nigerians then began system at 3750 mining a \$750 mini other things. cating a \$750 million loan with an in-

still trying to talk the Grants have banks into the loan and at the finally succeeded, lifting the warm The inducement generally ranges amount to \$1.1 billion. But to get the Germans to on the state of th tion, the Nigerians agreed to reportedly equal to an addit

1/16 percent on the margin. guarantee that those funds at be used for the specified project Other banks participating in

jumbo say they are aware the 6 man banks got something of they insist they do oot know be much). The official explanation that this compensates the Gun banks for "the additional wo they incurred prior to joining jumbo loan. For their part, the man banks explain that this is ly a different loan operation has been placed under the un of the jumbo just to please Nigerians.
One should not talk top

about this," counsels a Frank banker. "It may lead to conclusions. . . that the b playing dirty tricks managers/participants are to obtain advantages over banks. It's a very touchy point."

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Euromarkets____

Prepayment, With or Without Clause, Is Plaguing Bankers

(Continued from Page 7) that the charge possibility for early renempton outful resulting possibility for early renempton is so borrowers on their Euroleans is so borrowers on their Euroleans is so possibility for early redemption by borrowers on their Euroleans is so the the redemption by borrowers on their Euroleans is so the the redemption by borrowers on their Euroleans is so deeply embedded in the history of the Euromarket that there is little chance that the prepayment clause will be dropped from syndicated Eurolean agreements.

For historical reasons, Eurolean agreements follow standard U.S. documentation. When the Euromarket for loans carrying floating

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ter of concelling

for the desci-Programme problem

market for loans carrying floating rates for interest started to develop rates for interest started to develop during the early 1960s, U.S. standards were adopted because U.S. banks rapidly became the most involved in this field. In the United States, only private placements do soil allow prepayments because When the main institutions absorbing this set of recurrences with positions and properties of the main institutions absorbing this set of recurrences. the main institutions absorbing and the main institutions absorbing and the reasonable as and consequently do not want their policy to be disturbed by early redemptions.

Paragraph 247

refinanting aring The West Germans are more fa-The West Germans are more favorable to borrowers than anyone of the German Civil Code, any borrower has the right to prepay a loan of the penalty for the rate of interest is more than 6 percent. A German legal opinion, and the company with an International repartment Bank loan agreement governed by German law, underlines this point and adds that under paragraph 247, "the borrower after the bottomers is a period of six months, is entitled to repay the loan upon notice of not less than six months. This right mkers, who we are of premature repayment cannot be waived or restricted." The 6-peron floating rates as well as to those carrying fixed interests.

Although banks have to accept the penalty for pared to bargain: the period of notice a borrower must give prior to repayment. This is because bankers have to protect their funding. Generally, agreements stipulate a notice period of 30 days. On the other hand, there is no specific rule conhar along the point at which a loan can be prepaid, except that the pre-payment must coincide with an in-terest payment date.

The imperative notice period and the imperative nonce period and the flexibility of the prepayment date can be seen in the following examples:

The imperative nonce period and the flexibility of the prepayment paid to the date of prepayment."

The International Investment Bank \$500 million 10-year loan treat the terms

The agreement for the \$35 million 5-year loan for the Italian Societe Financiere pour les Telecom-

_									
Borrower	Amount	Meturity	Spread	Comment	Borrower	Amount	Maturity	Spread	Comment
Atlas Consolidated Mining & Development Corp. (Philippines)	\$ 80m	8 yrs	1%%	Refinancing of 1976 credit floated at 2 % over Libor.	Ecuador	\$500m	10 yrs (42 mo. grace)	3½ yrs @ ½ %; 6½ yrs @ 1 %	
Centrol Bank of Iraq	\$1 <i>8</i> 0m	3 yrs	% %	The loan is to partly refinance the \$500m credit signed on Aug. 8, 1975,	Instituto Mobilaire Italiano	\$100m	8 yrs	1%%	This a a portial refinancing of a \$200m credit signed Aug. 10, 1977 — 6 yrs @ 1% %.
				raised on the basis of a margin of 1½ % over 5 yrs, only \$200m af which has been drawn down.	Jordan Petroleum Refining Co.	\$ 70m	7 yrs (3 yrs groce)	1%%	Refinancing of the undrawn portion of a \$100m credit (6 yrs @ 11/2 %) signed in August, 1977.
Companhia de Acero del Pacifico (Chile)	\$100m	8 yrs	1%%	The credit will be used partly to refinance CAP's foreign debts.	Kingdom of Sweden	\$ 1bn	10½ yrs	% %	To refinence a \$1 bn 7-yr credit signed on March 1, 1977, at % % first 4 yrs, then 1 %.
Costa Rica	\$ 70m \$2.5bn	10 yrs (4 yrs grace)	4 yrs @ % %; 6 yrs @ 1 %	former loan of the same amount.	Montreal Urban Community	\$250m	10 yrs (3 yrs groce)	**	Part of the credit is to refinance outstanding portion of \$200m
Dominion of Canada	\$2.300	8 yrs	. 12%	This is a refinancing of a loan arranged last autumn for \$1.5th and increased in April, 1978, to \$2.5th. Previous conditions: # % for 3 yrs	Nacional Financiera (Mexico)	\$176.5m	3 yrs (bullet)	% %	syndicated loan, To refinance part of \$210m 2-trans- loan.
				and 14 % for 4 yrs.	Rafinor (Norway)	\$ 85m	10 yrs	2 yrs @ % %; 8 yrs @ % %	
Kingdom of Denmark	DM400m	7 yrs (4 yrs grace)	4 %	Ta refinance a DM400m credit signed on Feb. 16,1977, at 1 ¼ % for first 3 yrs and 1 ¼ % for the last 4 yrs.	Regie des Installations Olympiques (Canada)	\$360m		2 yrs @ ¼ % over U.S. prime rate; 8 yrs @ % % over U.S. prime rate	To refinance a similar amount raises in 1976 with a spread of 1½ % over 7 years.
Kingdom of Denmork	\$1,235m	7 yrs (4 yrs grace)	¥ %	The loan is to refinance 4 credits, the outstanding portion of which was \$1,235m.	RENFE (Spain)	\$ 46m	10 yrs	5 yrs @ % %; 5 yrs @ % %	The loan is to partly refinance a \$ 60m deal signed on Aug. 6, 1975 — 7 yrs @ 1½ %.
				Conditions: 1. \$300m over 7 yrs @ 1%-1% (Dec. 1975)	Shell Petroleum Ltd.	\$400m	10 yrs	4 yrs @ % %; 6 yrs @ % %	Refinancing of 7-yr credit arranged in 1974,
				2. \$200m over 7 yrs @ 11/4-11/2 (May 1976) 3. \$400m over 5 yrs @ 11/4	Societe Financiere pour les Telecommunications et l' Electronique (Lux) SA (Italy)	\$ 35m	5 yrs	₹6 %	Refinancing of 1977 credit — 5 yrs @ 1% %.
				(Dec. 1976) 4. \$500m over 7 yrs @ 1%-11/4 (July 1977).	TVO (Finland)	\$ 67m	10 yrs	% %	Refinancing of \$67m 7-yr credit, signed Oct. 20, 1975, at a spread of 1½ %.

drawdown, on giving 30 days' prior the borrower may prepay the loan notice to the agent (Banque Europeenne de Credit SA), the borrower than 12 months after the date of

nationale d'Investissement acting as the agent, stipulated that the borrower "shall be entitled on any of the drawndown period on giving to the agent not less than 30 days' written notice, which shall be irrevocable and effective only upon receipt, to prepay the loan without penalty in whole or in part together with interest on the amount pre-

(agent: Dresdner Bank AG) signed

munications et l'Electronique (Lux-embourg) SA mentioned that "after which shall promptly give written the first anniversary of the date of notice thereof to each of the banks,

may prepay in whole or in part the outstanding amount at the end of any relevant interest period."

The Ruler of Dubai \$200 million

The Ruler of Dubai \$200 million 3-year credit signed on Aug. 13, refinanced, underlines that "the 1977, with Banque Arabe et Inter-borrower may prepay any advance borrower may prepay any advance in whole or in part on any relative interest payment date provided that the agent (Morgan Guaranty interest payment date after the end Trust Co. of New York) shall have received from the borrower not less than 30 days' written notice of its intention to make such prepayment, specifying the advance to be prepaid in whole or in part. Notice of intended prepayment once having been given by the borrower, it shall be obligatory for the borrower to make the prepayment in accordance with the notice."

The Correios e Telecommunion Sept. 8, 1978, anticipates that cacoes de Portugal \$50 million 6-"on giving not less than 30 days" year fund-raising exercise signed on

April 18, 1978, with Kredietbank SA Luxembourgeoise as the agent, states that "on any interest date, the borrower shall be entitled to prepay all or any part of the loan in the Eurocurrency in which it is then

aggregate principal dollar amount Loan agreements allow borrowers to prepay their credits either totally or partially. In the first case, the procedure is easy. It is, howevoutstanding, upon giving the agent not less than 30 days' notice of the part of the loan is prepaid, Generer, a more delicate process if only a

wards the borrower's repayment obligations in inverse order of maturity.

ally, the agreement states that any

amount prepaid shall be applied to-

Borrowers do not always pay too much attention to this clause, the effect of which is to shorten the

maturity of the loan. Banks, however, prefer it this way since by avoiding prepayments being spread in a disorderly fashion, the procedure is less complicated. In addition, horrowers are usually asked to prepay those drawn. Prepayments are al-

which the funds are initially drawn. Two other elements generally accompany prepayment clauses.

First, the agreement states that the prepaid term loan cannot be reborrowed. This is also to protect the banks' funding. If the prepaid loan or any prepaid portion of it could be reborrowed, the operation would become a standby credit. In such a case, a horrower would be able to prepay and to reborrow on the condition that the commitment fee is paid each time the amount repaid is rehorrowed.

Second, agreements concerning loans backed by the guarantee of a sovereign entity usually mention that the borrower must produce evidence that he has received an offi-

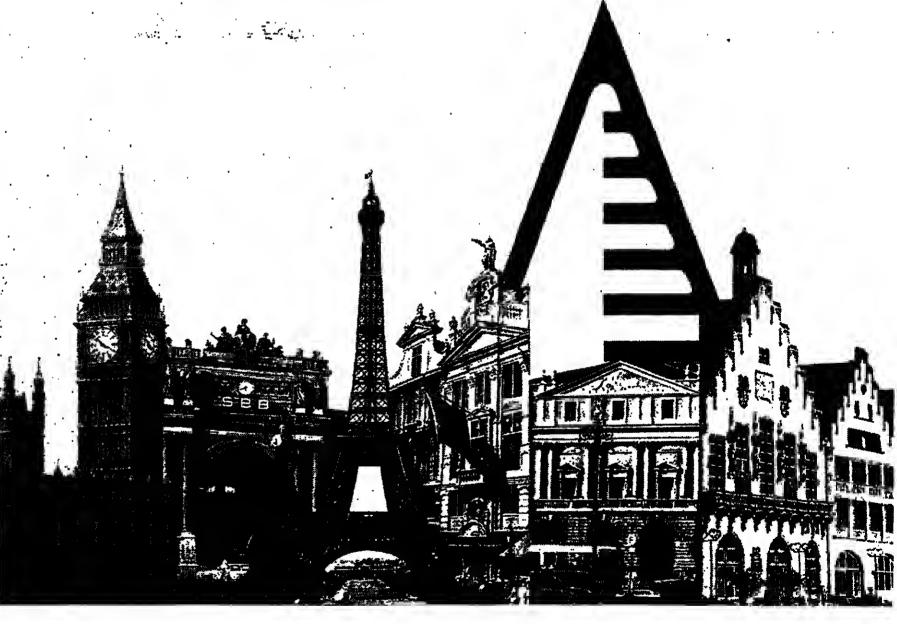
cial consent to prepay.

The syndicated Eurolean market is likely to face a continued avalanche of prepayments for some time to come — at least for those borrowers paying spreads above the 3/4 to 7/8 percent level. This trend will push banks into taking special care with prepayment clauses, although they are already well formulated.

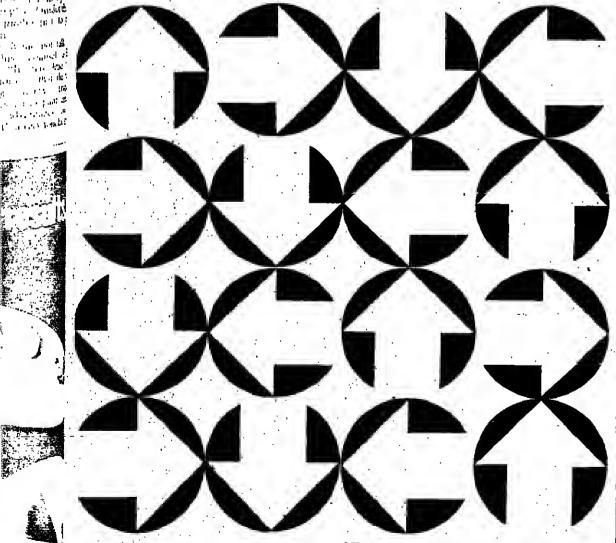
But borrowers could well begin to pay much more attention to this matter when margins start to use again, Indeed delitors are aware of the advantages they can obtain from loan agreements allowing them to prepay their debts.

In order to get the best of market conditions, international debters will seek agreements with prepayment clauses constructed more and more in their favor. Therefore, Eu-rohankers will not only have to face prepayments, but also clauses permitting borrowers to prepay on their own terms.

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More and More Banks Are Setting Up Shop in Luxembourg

By Darrell Delamaide

UXEMBOURG (IHT) — The growth in Luxembourg's Euromarket activity has outpaced the expectations of government officials charged with monitoring banking activity in the grand

Banking Commissioner Pierre Jaans said that halance-sheet volume of the 94 banks active in Luxembourg reached 2.37 billion Luxembourg francs (S&l billion) by the end of August, a gain of nearly 26

percent from a year ago.
"I was expecting growth more on
the order of 15-20 percent," commented Mr. Jaans. A big reasoo for the growth: More and more banks are setting up shop in Luxembourg. There were 94 active hy midyear compared with 90 at the beginning of the year. Altogether, seven or eight oew banks probably will open shop in 1978, Mr. Jaans said, and the number of active banks is likely to top 100 within six months.

There has been no abatement in interest," remarked the banking official. Mr. Janns is cautious about naming prospective candidates, saying only that most banks negoriating a Luxembourg subsidiary are

of European origin. Rumnrs circulating in the banking community, however, also men-tion American banks. Luxembourg Finance Minister Jacques Poos reportedly told a group of German bankers that some American bankers had expressed renewed interest io a Luxembourg unit during the Interoational Monetary Fund meeting in Washington. Names mentioned among bankers here are Morgan Guaranty and Manufacturers Hanover.

Interest is high because new U.S. hanks would mark a change in the recent trend for Americans to curtail their Luxembourg activities. The U.S. banks would be welcome to increase the dullar component in Luxembourg business, which makes up only 45 percent of volume here against 77 percent in the Euromarket as a whole.

Deutsche Mark

Of course, the interest in Luxembourg for American banks is the high turnover in the Deutsche mark, which makes up 47 percent of the busioess volume among banks here. This is also the apparent lure for a British bank (Barclay's is the name most often grand duchy's capacity as a finanheard) reportedly considering a cial center.

The announcement last summer that the Bank of China intended to npening to the West. The preliminary soundings have been oo a dip-lomatic level and technical details have yet to be worked out. Mr. Jaans, however, leaves no doubt that the Chinese presence would be set to have the Bank of China here

in Luxemhourg," he comments.

Not so welcome, though, is the application of the Danish bank Finansbanken. For reasons Mr. Jaans declined to discuss, the Danisb institute was denied a commercial license. One of the unwritten rules in Luxembourg is that the hanking commissioner determines in conference with applicants whether it would be suitable for the hank to be established and then makes a recommendation regarding the commercial license - which is invariably followed.

Finansbanken now is taking its case to court. Mr. Jaans says he is indifferent to the outcome of the case. If Finansbanken wins, the unwritten rule would quickly be written and passed into law because the government policy implemented by Mr. Jaans is that banks coming to Luxembourg should be intent on doing serious banking

A System

Io general, however, Mr. Jaans said he is pleased with the develop-ment of Luxembourg banking. "What was a gathering of hanks is evolving into something that looks more like a system," he comment-

Indeed, Luxembourg banks this year have demonstrated increasing muscle by managing and syndicating sizable Eurocredits exclusively among Luxembourg institutions. Many are never publicized. One public loan in May, an eight-year credit of 400 million DM to Denmark, was practically a pure Luxembourg syndication. A 500 million DM credit to the United Mexican States announced in October was exclusively syndicated in Luxembourg.

Bankers here do oot see Luxembourg syndications as a trend so much as a demonstration of the

move here. And it seems to have played a role in attracting the Bank about the so-called "Luxibor" the Luxembourg interbank offered rate named after London's Libor (London interbank offered rate). open a branch in Luxembourg is seen as part of that country's oew credits in the Euromarket. First incredits in the Euromarket. First incredits in the Euromarket. First incredits in the Euromarket. troduced with a 100 million DM

credit to the Foreign Trade Bank of Bulgaria, managed by a Luxem-bourg newcomer, Badische Kom-munale Landesbank International, the Luxibor has had a fitful existence as a credit peg. The origina-tors reason that because Luxembourg is a major center for Euromark trading, it makes sense to peg Euromark credits to the bank rate

Older and higger German sub-sidiaries, though, do not think much of Luxibor. Volker Burghagen, managing director of the Dresdner bank subsidiary, says it is pointless to speak of a Luxibor, just as it is to be fixated on a Libor. "There is a bank rate, and geogra-phy doesn't play a role," he says, conceding that one or another center must be settled on for practical

I ver has been agitating busi-nessmen and hankers around the

has reached a new pitch. Chine's

declared intention to rapidly indus-

trialize - a self-styled economic

"long march" - has boosted stock

prices in Tokyo, Frankfurt and

even Milan as streams of industrial-

ists and bankers have poured into

For the hard core of China ex-

perts in business it is a dream come

true. But despite its magnitude, the

new opening was hardly unexpect-ed. The feeling among Western husinessmen has been that sooner

or later Chinese industrialization

China favors the non-super-

powers as parmers in its ambitious

plans to erect 120 major industrial plants by 1985. The Japanese, be-

cause of geographie and cultural ties as well as the potence of their

economy, have a decided edge. It

was the \$20 hillion Smo-Japanese

trade pact in Fehruary that first in-

fected the world with China fever.

But the West German export ma-

chinery also cranked up and

churned out a couple of jumbo po-

was inevitable,

Peking for their slice of the cake.

cautious, however. "Luxibor might be harmless enough in fair-weather times," he notes, "but some bor-rowers might be surprised to find themselves paying a higher rate than necessary if liquidity dries up and a thinner Luxembourg market pushes rates up."
But Luxembourg is firmly en-

trenched as the most acrive Euro-market center after London. It handles about 12 percent of overall Euromarket volume, against London's 42 percent, but accounts for around one-fourth of credits to the conbanking sector (measured against the eight European countries moni-tored by the Bank for International Settlements.) The depth is of course greater in Euromark activity, where Luxemhourg has a nearly one-third share (as of end-1977.)

Io fact, despite the rumor of new arrivals, German hanking subsidiaries are certain to remain the pre-

FRANKFURT (IHT) - China fetential orders in September and Hans Friderichs in discussions con-

Octoher; a \$4 billion project to

streamline Chinese coal mining and

oese are seeking capital goods in

those areas where the Germans are

unsurpassed and are dealing with a

well-oiled export mechanism that

can put a complete package, in-cluding financing, on the table.

High Credit Rating

Bankers are pleased with China's

ideological about-face on the ques-

tion of foreign credits, along with

the turnaround in countenancing

export of natural resources, which

is the main security for any credit.

But the first reaction among Euro-

pean bankers was that initial fi-

nancing would be tied to specific

projects. While China's credit fat-

ing is unquestionably high - a vir-

gin borrower with vast resources -

through political, economic and

monetary considerations to correctposition China in the interna-

Symptomatic was the difficulty

encountered in Peking in October by Dresdner Bank chief executive

nonal credit market.

will take some time to sort

world all year, but this autumn it a \$15 billion steelworks. The Chi-

Government officials look at Luxibor with a bemused tolerance.
"It's an amusing gadget," remarks Mr. Jaans.

Another German banker is more was a result of these new banks established in the first half of the year were of German origin. Much of the growth in banking activity clearly was a result of these new institutes transferring part of the money market and credit business to Luxem-

bourg from the parent banks. Another strong boost came from a pickup in credit demand by Ger-man companies, which accounts for loosely one-third of German bank activity in Luxembourg. The German banking units here, in turn, handle at least half of the grand

duchy's Eurobanking busines Most telling the five biggest banks in Luxembourg are the sub-sidiaries of Dresdner, Deutsche Bank, Commerzhank, West-deutsche Landesbank and Bayerische Landesbank. Only in sixth place does the largest domestic bank appear, the Caisse d'Epargne de l'Etat-Banque de l'Etat.

Concern

The size of the German operaaries are certain to remain the pre-domioant factor in Luxembourg. to some much-publicized concern

cerning possible financing for the

proposed German bid on the steel-

works. The Chinese, it seems, have

a predilection for dollar credits,

while the huge amount of financing

involved - up to DM 28 hillion -

means the German banks will have

to rely on Bonn's export credit

guarantees in order not to exceed

legal restrictions on lending to sin-

gle customers. These guarantees, of

course, are provided only for Deutsche mark credits. However,

Germans are hoping that the Chi-

oese will change one more idea and

The Japanese are in a similar sit-uation. Their normal export financ-

til now have come from the banks,

hut they must be refinanced on the

open market. Flexible as the Japa-

nese are with margins, not even they can deliver the 7.5-percent rate desired by the Chinese given the

The British export system al-

ready makes provision for dollar partner."
credits, and the Italians reportedly

present dollar interest rates.

accept mark credits.

not-so-delicate resistance of bank-ers, who do not like to disclose any protect hank secrecy. more than necessary.

With the Berlin banking authori-ty claiming it only wanted a better picture of what worldwide risks the German banks were exposing themselves to, and the banks cooceding that they of course had nothing to hide in Luxembourg or anywhere else, a compromise was reached, yielding the typical German gentlemen's agreement.

This one, however, goes beyond a handshake. A text is being circulated among German banks speci-fying what information the banks should supply and soliciting their agreement. Once the agreement is "ratified" by the hanks, the accountants of the Luxembourg subsidiaries will be directed to compile tahles showing the geographic spread, the volume and maturities of both assets and liabilities — al-

China Fever Has Reached a New Pitch are willing to provide the Chinese with a dollar credit, But the heavy industrial plants sought by the Chi nese often cannot be had from Britain or Italy. German bankers and industrialists, who have faced simi-lar problems before with Latin America and the Soviet Union, have to rely on the competitive edge of their products, technology, service and reliability to force the Chinese to accept at least some

> The rumors and speculation are bound to continue as the interna-donal banks work with the Chinese and their home governments to resolve the problem. In any case, said one well-informed banker, at least ing, through the Export-Import Bank, for example, is geared exclu-sively in yen. Dollar credits up unthrough mid-November no mandate had been given for financing in any currency.
>
> It is obvious that the enormous

Deutsche mark exposure in their

financial oeeds of the Chinese expansion will be financed at least in part through the international markets. As an official of the Dresdner Bank unit in Luxemhourg remarked, "In two years, China will be a major new Euromarket

Bank secrecy, of course, was the

main concern of Luxembourg offi-cials, confident that their own supervisory mechanism is adequately monitoring bank activity in the grand duchy. But the compromise now hammered out, involving glob-al figures and revealing no customer names, meets with no objection from Luxembourg. So far as it goes, these officials have maintained from the beginning, the main disagreement is between the German banks and their regulatory authorities.

Next Step

German bankers are still a bit uneasy, not because of the agreement itself but for fear of what the next step might be. They already are making candous statements to ward off any attempts to seek greater detail than agreed to in the compromise or to introduce stiffer regulation as a result of the infor-

For his part, Mr. Jaans notes that the agreement reached with the Germans with so much hullabaloo is similar to a quiet accord long since worked out with the Nordic countries, which tradition-ally have a much closer (and more discreet) relationship with their domestic banks. The Luxembourg official attributes the publicity ac-companying the German agree-ment to national temperament.

German banks in Luxembourg were part of another temperamental uproar just last month. Again it involved a gentlemen's agreement. This brouhaha concerned the placement of Deutsche mark ootes oo behalf of Deutsche Bank and Commerzbank's Luxembourg units in the Euromarket. This is not unprecedented and the amounts involved, 100 million DM in each case, would hardly be enough to choke the market in normal cir-

The private placements, however, coincided with Deutsche Bank's decision to unload Canadian notes in the amount of 500 million DM. placements bearing a 5 percent coupon that it had been carrying on its own books since May.

—D.D. ___ The sticking point was that this

on the part of banking supervisors in West Germany. This legitimate concern ran into the delicate issue concern ran into the delicate issue and the strength of the chief source of concern flood of high-quality, short-manning to paper crowded some less atmactive offerings from Algeria and Alger the whole market began suffering from indigestion — the type wind the German Eurobond subcommittee, set up by gentlemen's agra-ment in 1968, is supposed to fore stall hy regulating the flow of new mark issues.

Self-Regulation

The problem is that issues from subsidiaries of the German banks like those from supranational bor-rowers, are not subject to this selfregulation. As for the Canadian placement, Deutsche Bank re-soned that since it was not a new issue, hut rather a secondary place. ment of paper duly approved lag May it also did not come under the regulatory competence of the sub-

Such sophistry angered the remaining banks. The 700 million DM of exceptions to the rule nearly equaled the 850 million DM approved according to the rules. While keeping within the letter of the geotlemen's agreement, Deutsche Bank, its critics charged circumvented the whole purpose of the accord in a very ungentlemanly

A new consensus was apparently hammered out at a vigorous subcommittee meeting. It was agreed that large, market-affecting place-ments should be cleared with the subcommittee, even if it does not require approval under the rules. :

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Lex

For its part, Deutsche Bank refused to concede that the Canadian placement changed the market trend. Regarding the Luxembourg issue, the bank larnely pleaded that it could not know its offering would be followed so closely with a me-too placement (referring to the Commerzbank notes).

Somewhat obscured in the whole row is the development of an attractive refinancing instrument for the Luxembourg units. Deutsche Bank had used this method before - first with a 10-year dollar bond with warrants last year and earlier this year with a five-year DM note bearing 4% percent. The recent placements indicate that the idea is catching on and may provide the market with a steady source of high-quality, short-term mark

What's the quickest way to say

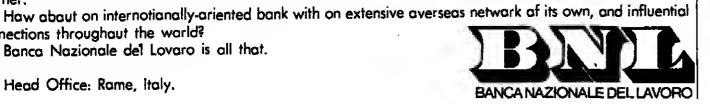
adynamicexperienced international bank?

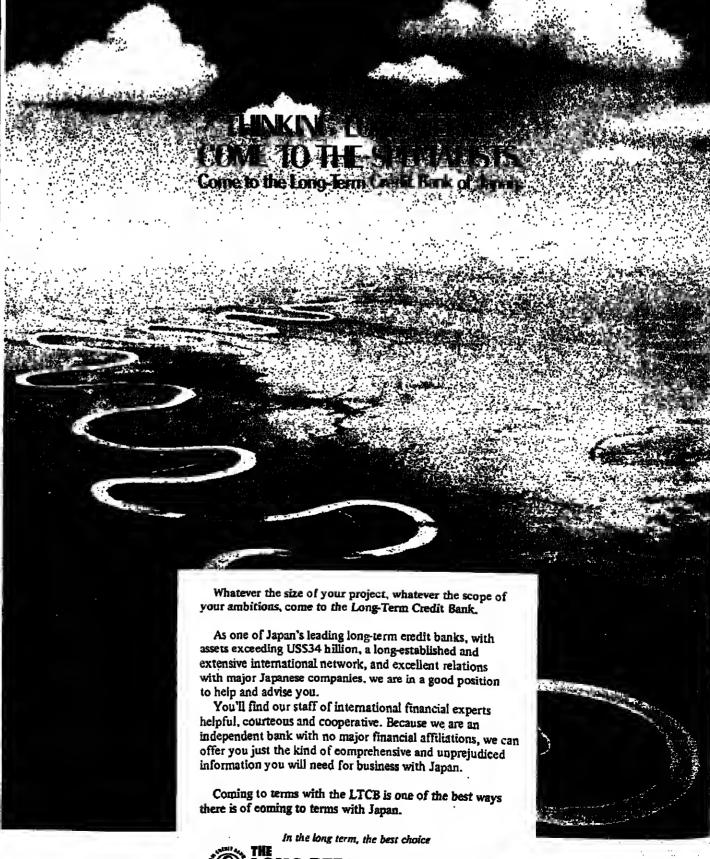


Nowadoys, when you plon to expand your business on a lorge scale, access to international banking is often o matter of necessity. Of course, you have to be very selective in the chaice of a suitable financial partner.

connections throughout the warld? Banca Nazionale del Lovaro is all that.

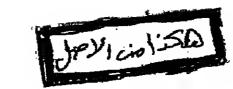
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Brazil's Borrowing Heads for a Record

By Kerry Fraser

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ngs from Algeria is in of the market k SAO PAULO (IHT) — Brazil's total international borrowing this year is heading for a record of nearly \$12.8 billion. After this market began as gestion—the type p by gentlement allow gentlement allow gentlement and gentlement the flow of the proof of effectiveness, the country's strategy in foreign financial markets is unlikely to be altered significantly in the near future, although the government has just announced

some important policy changes.

The presidency will change hands March 15, 1979, however, blem is that is a soft the German's and bankers both here and abroad from supranaloge e not subject to the Car.

As for the Car.

Deutsche Bar.

Since it was no. are uncertain about the way the new man, Gen. Joao Batista Figueiredo, will handle Brazil's intractable foreign debt problems and its approach to the internation-

al banking community.
Gen. Figueiredo has some room to maneuver. The present adminis-tration, led by Finance Minister Mario Henrique Simonsen, has tak-Mario Henrique Simonsen, has taken advantage of favorable market conditions to build up reserves — Mr. Simonsen estimates an increase from \$7.3 billion at the end of last year to "something more than \$10 billion" at the end of 1978 — and to improve the debt profile by stretching out terms to as much as 15 years with five-year grace periods. International bankers give him full marks for his effort, but he will still leave Brazil heavily dependent on foreign borrowing.

on foreign borrowing. However, the government has just made clear that reserves will not be allowed to increase. Left unclear is whether it will attempt to maintain the present reserve level.

Borrowing

Brazil will have to borrow ap-proximately \$9.9 billion in 1979 to keep reserves constant and to cover the difference between inflows and outflows in the balance of pay-ments. On the inflow side, direct investment should contribute about \$1 billion as it has since 1974, but the commercial balance (exports less imports) is not going to help much. Mr. Simonsen is looking for a \$700 million surplus for next year, bringing total inflows to \$1.7 billion.

Outflows (services plus amortiza-tions) will be close to \$11.6 billion. Amortizations in 1979 will run to \$5.4 billion, up from \$3.8 billion this year, according to the central bank, and the deficit in services, which includes interest on the foreign debt, will continue to grow at least as quickly as it has in the past. In 1975 the delicit was \$3 billion,

. . . with the policy of generally going after project financing work-

ing as well as it has, the country is

unlikely to opt for jumbo loans. . .

pany for electrical generation, is re-negotiating a \$250 million loan. There has been little response, however, because Brazilian bankers

realize it would be unpopular, and beyond that, they themselves would save little. "You always have to deal with the same banks, and everyone remembers '73 and '74," says Horst Tiedemann, internation-

al director of the Banco Auxiliar, a

The Nice Guys

competing for business, start offer-

"Brazil wants to be considered

a large U.S. bank.

and this year Mr. Simonsen is predicting \$5.2 billion: Extrapolating to 1979 brings it to \$6.2 billion, probably a conservative estimate because interest payments are es-

Possible Changes

The foreign debt, according to Mr. Simonsen's estimations, will grow 25 percent to \$40 billion this year, and interest payments will be at least \$4 billion in 1979, depending on the performance of the London interbank offered rate (Libor). In 1977, when the debt at the beginning of the year stood at \$25.9 billion, interest cost Brazil \$2.5 billion, almost 10 percent of the debt when the Libor was much lower when the Libor was much lower than it will be next year.

How might President-Elect Figueiredo change Brazil's borrowing expedient. The Brazilians are going to need us for a long time. He does not expect anything to happen unless the international banks, strategy given the needs for next year? Some of the possibilities being considered by bankers bere include running down reserves rather than adding so much to the debt; pushing borrowers to prepay or renegotiate; and exerting greater control over new borrowing. Market strategy could give greater emphasis to bond issues, but with the policy of generally going after project financing working as well as it has, the country is unlikely to opt for jumbo loans in spite of the had insis

wishes of some European bankers. Tentative moves have already been made in some of these direc-tions. Acominas, the state-owned steel mill, is renegotiating its \$505 million loan with syndication leader Morgan Grenfell, and Eletro- but instead of being disbursed un-bras, the state-owned holding com- mediately the cash would be made with an alternative if they need it.

ing the following 60 days.

At the same time, the government has boosted from five to eight years the minimum term for foreign loans to the private and public sec-

State-owned companies will have a limit on their borrowings. They will continue to line up for central bank approval of their loan requests, and the bank will control total borrowing in the public sector in conjunction with balance of pay-

ments needs.

Some European bankers complain that their portfolios are getting stuffed with Brazilian paper, and they would prefer fewer but larger jumbo loans from Brazil. However, they run counter to interests of British, West German and U.S. bankers with a Brazilian presence who much prefer project loans that generate incrative spin-off business and are frequently oversubscribed. A. W. Clauson, president and chief executive officer of Bank of America, one of Brazil's Bank of America, one of Brazil's largest creditors, says, "We prefer to loan to a project," and he would not be pleased to see jumbo loans.

Umbrella Approach

medium-sized Brazilian bank with a very active exchange division. "If they start renegotiating, the Mr. Clauson suggests that only banks incapable of analyzing Brazi-lian projects, or merchant banks that earn their profits by organizing rather than by making loans, would prefer the umbrella approach. Giv-en the attitude of bankers with a next time things get tough we probably wouldn't lend to them," declares one of the representatives of strong voice in Brazil and the suc-cess of the existing strategy, there is little chance of a change. one of the nice guys," says the representative of a Canadian bank.
"They agreed to these terms and they'll stick to them. It's politically

However, with the government's new restrictions on foreign loans, there may be an increase in bond issues. Bonds will not be limited the way loans will be, so the market may see a substantial increase in such issues next year. Mr. Simonsen has hinted he would like to see

ing to replace the loans made by other banks a couple of years ago with new ones at better rates. This, This year, according to Paulo Lira, president of the central bank, he thinks, is exactly what the central bank is waiting for.

The government has just increased controls on borrowing abroad. Up to now, the government Brazil will raise the equivalent of \$1 billion in bonds. Earlier, he had forecast \$750 million would be raised this year, about the same as had insisted that incoming loans be in 1977. Donald Pearson, Midland left on deposit with the central bank for up to 150 days in order to postpone the impact on the money supply. The government has just announced that the 150-day freeze to be the supply of the supply freeze. on loans would remain in effect, Kuwaiti dinar. With this knowl-



Rembrandt country is Rabobank country.

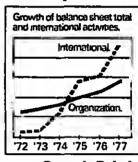
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Left: Dickson J. Pratt, Vice President. International Corporate Banking Division Right: Richard G. Higley, Vice President, Domestic Corporate Banking Division



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Lending to Comecon Limited by Low Spreads, Not High Risk

ONDON (IHT) - Lending to Comecoo countries is still regarded as a good risk by major banks in the United States, Western Europe and Japan, despite opposition to the increasingly favorable terms being demanded by the Communist borrowers. The U.S. banks io particular are tending to hold off until the various state banks io Eastern Europe agree to more profitable long-term arrangements. For the moment, however, European and Japanese banks see things differently and are continu

ing to lend.
Not surprisingly, the Communist borrowers are trying to benefit from a situation of high liquidity that has driven down spreads — the rates borrowers pay on loans over and above Libor (London interbank offered rate).

Cheap rates are one thing. Another is the ability to raise large sums of money in a quick, orderly manner. Western bankers, iocluding the Europeans, do oot like these spreads falling towards the 1/2 percent level. They would like a rate of 31 least 3/4 percent over Libor. This would improve their commissioos and make Comecon's borrowing easier. Comecon borrowers at the moment are obtaining spreads of 5/8 percent for the initial couple of years, followed by 3/4 percent for the remainder of the customary

It is the low level of spreads rather than the loog-term ability of the Communists to repay their \$50 billion of gross outstanding debts to banks and government credit organizations) that is preoccupying many bankers as they look towards Comecoo borrowing requirements in 1979. Already, it looks as if 1978 will end with total Comecon borrowing standing at around \$3 billion, compared with \$5-to-\$6 billion last year, a roughly equal amount in 1976 and some \$8 billion in 1975, the record year.

An important factor is the occes-

Let's start with Frankfurt.

Why is Frankfurt so important?

"Frankfurt ranks among the

cial centers. 152 German banking

institutions operate here, and

in Continental Europe.

Frankfurt has 161 international

banks, more than any other city

Exchange is Germany's largest,

accounting for nearly half of the

cent of dealings in foreign shares

in foreign fixed-interest securities. Perhaps less well known inter-

nationally is that Hessische Landes-

many's top 10 banks are Frankfurt-

"With total assets of DM 42 billion,

and 80 per cent of the business

bank is one of Frankfurt's big

based. We're one of them."

Now about the bank itself.

What's its size and structure?

Hessische Landesbank is Ger-

many's 8th largest bank, 3rd among

backed regional bank, our liabilities

are guaranteed jointly by the State

Landeshanks. As a government-

of Hesse and its Sparkassen and

Giro Association. We also act as

which our name is derived, and

52 regional Sparkasson."

banker to the State of Hesse, from

perform clearing functions for the

native-born banks. Half of Ger-

The Bundesbank is headquar-

tered here, and the Frankfurt Stock

stock exchange transactions, 57 per

rency. Lower imports of goods or plant mean fewer loans. Nevertheless, there are sufficient priority programs underway to make borrowing in the West a continuing fact of life.

Overall, efforts by the Comecon rency trade into balance have re-sulted in a \$6 billion reduction of

Total debt figures based upon statistics of the Bank for loternational Settlements in Basel are rising, but the rate of borrowing this year is certainly slowing. The BIS has expanded its coverage of Western bank positions by including countries to bring their hard cur-rency trade into balance have resome of the reporting countries

sity of the Comecon countries to cut back on imports from the West in order to conserve their hard curabout \$4\$ billion last year.

the trade deficit during the past of the past two years — \$2 billion in 1976 and about \$4\$ billion last year.

onw also supply information on two years — besides loans cial bills and acceptances.

> age, the Comecon countries' net million to \$7.97 billion, while their debt to the Western banking sysdebt to the Western banking system was \$4.8 billion higher at the on the Eurocurrency market acend of December, 1977, than previously reported. Their liabilities to bilities to the banks — \$25.7 billion at the end of 1977 and \$27 billion to \$38.3 billion, and their deposits at the end of March, 1978.

year Comecon countries' deposits Based on this expanded cover- with the banks declined by \$343

On the asset side, Comecon countries' deposits on the Eurocurrency markets accounted for a little more than 80 percent of their total deposits with the banks - \$7 bil-lion at the end of 1977 and \$6.6 billion at the end of the first quarter of this year. These are the latest basic figures on Comecoo's finan-

borrowiogs. Finance Minister

saying that he is looking for a com-

mercial loan of between \$200 mil-

lion and \$250 million for the first

This loan will function similarly

to the "jumbo" loan worked out last June by the government and 60 foreign banks led by Manufactur-ers Hanover Trust Company. That 10-year loan had interest of one

percent over the London interbank

offered rate (Libor) and was used

partly to re-finance earlier loans

contracted at higher interest, while

the remainder was lent to local bor-

rowers through government finan-

cial institutions. It is the govern-ment's policy that small private

borrowers take their foreign ex-

change loans from the government

banks, while large corporations can deal directly with foreign banks.

In this regard, however, the in-trodoction of offshore banking bere

last year has produced some un-foreseen problems. It is widely

known in financial circles that the

offshore units lend short-term for-

eign exchange to local banks, which-

in turn lend it to local borrowers

who occasionally change it for pesos on the black market and in-

vest the proceeds in the stock mar-

ket. Observers say that the govern-

ment is oow trying to determine

quarter of next year.

cial posture towards the Western banks - to which must be added the government-guaranteed export

about 47 percent, is owed to Western banks. Drawings on officially supported Western export credits account for about 43 percent and supplier credits around 8 percent. oviet proportions are different -25 percent to banks, 62 percent official credits.)

The \$50 billion debt figure that results from these sums does oot in itself cause Western bankers to lose much sleep. Communist borrowers are regular repayers; they have mineral resources to underpin their borrowing and, if necessary, they can employ their centralized sys-tems to divert effort and money into repayments. Western bankers who are used to dealing with Comecon say this \$50 billion figure is similar to that of Brazil.

The largest share of the debt,

Borrowing

The level of Comecon borrowing will depend to a large extent upon the success or failure of Soviet harvests, improvement of Polish agriculture, how much oil the Comecoo countries will receive from the Soviet Union and bow much they may have to buy on dollar-based

markets. Nevertheless, the Comecon countries, led by the Soviet Union, are still trying to push spreads down to the point where forthcoming losns will be regarded as tests of the willingness on the part of the Western banks to lend large amounts. One London banker said, "The Soviets may my to obtain half percent, but will they succeed?"

Spreads are already down to nearly this. One of the two Comecon banks, the International Investment Bank (IIB) obtained its last \$500 million at a rate of 5/8-3/4 percent over Libor, whereas in the past it had always paid a little more in order to raise large sums without problems. It now considers itself on a par with the Soviet Foreign Trade Bank, which in turn has sent shock waves through the market with its repayment moves.

This fall the Soviet Foreign Trade Bank announced it was prepaying some \$350 million in loans from Western consortia. The view that it would seek refinancing elsewhere at a half percent proved incorrect for the moment. One of the loans prepayed was the \$250 mil-

ale de Paris and Morgan Guaranty as co-managers. Lazard is now rearranging a private syndicating for \$250 million at 5/8 percent for a long 10-year period.

The second loan to be affected.

was the \$400 million five-year syn-dication at 1.25 percent over Liber arranged in 1976 and for which the lead managers were Citicorp Inter-national Bank, Moscow Narodny Bank and Societe Generale. The first tranche of \$100 million has been prepayed. A total of \$1 billion could be up for relinancing at bet-

ter spreads and longer maturities. Prepayment also "looks good." although many Western bankers think the Soviets would be better. advised to keep the money in their reserves because of the grain situa-

All other Comecon borrowers have been able to obtain better spreads this year. The astute Hungarians borrowed \$300 million at 5/8-3/4 percent from a group headed by Continental Illinois (the last major borrowing arranged by a U.S. bank). The Romanians jumped on the bandwagon and had Barclays arrange a \$300 million loan oo similar terms.

The Czechs, who were borrowing at 1.125 percent over Libor in the summer of 1977, have dropped down to the same level as the Hungarians and the Romanians. The latest East German loan - \$150 million for the Foreign Trade Bank arranged by Lloyds — is also at the same rates. U.S. banks were not even asked to take part in the management group as it is so wellknown oow that they will not come in under 3/4 percent (a few smaller U.S. banks could take some part in the syndicatioo).

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This East German borrowing was something of a test. The view among bankers is that the Bulgarians, too, could oow obtain the

Poland has to pay more because of a debt that falls oot far short of the Soviet Union's \$17 billion, but even bere terms are getting finer while oew means of financing are being used to overcome the fact that many banks have reached their lending limits with the Poles. The \$250 million Eurocredit for the Polish copper industry saw the U.S. Comptroller of the Currency recognize the Lubin Copper Mining and Metallurgical Combine as a sepalion five-year credit at a 1.25 per-cent spread arranged in 1975 by a group headed by Lazard Freres et Poland.

Metallurgical Combine as a sepa-rate borrower, a kind of second Poland.

Philippines Begins to Stagger Under Foreign Debt

By Bernard Wideman

MANILA (IHT) — The Philippines is beginning IVI pines is beginning to stagger slightly from its heavy foreign borrowings, but foreign bankers and finance ministers still consider the country o good risk. One foreign banker here summed it up by saying: "The economic situation doesn't look very bright, but the political situatioo is quite stable, so we're happy to lend money to the country. But we prefer mediumterm rather than long-term loans."

The stable (some call it stagnating) political atmosphere has resulted from the one-man rule by President/Prime Minister Ferdinand E. Marcos, running the couotry through martial law decrees for the past six years. Money lenders appreciate stability, and World Bank President Robert McNamara pointed out to Mrs. Marcos last July that the bank had increased its lending to her busband's government by twentyfold following the impositioo of martial law - from an average of \$12 million yearly in the 1960s to a yearly average of \$250 million during military rule.

Total foreign debt bas increased from \$2 billion in 1972 (the year when martial law was imposed) to \$7.2 billion at the end of first semester 1978. It is expected to approach \$8 billion by year-end.

by dividing the current year's debt percent. service by the previous year's foreign exchange receipts - have remained below the 20-percent danger mark. But the ratios have had to be revised upwards by government planners because foreign exchange earnings have been way be-low anticipation. The debt-service ratio for this year is likely to be 18 percent — up from a planned 13 percent. Next year's estimate has been raised to 17 percent from an

In 1977, the \$943 million debt service was divided by the \$5.3 billion in foreign exchange receipts, for a ratio of 17.8 percent. But only \$3 billion of the receipts were earnings, putting the ratio of debt service to earnings at an awkward 31.1 percent. This year's debt service amounts to \$1 billion - \$332 millioo in interest and \$683 million in

The World Bank estimates that the country will have to have oet inflows of \$1 billion yearly until 1985 in order to push the economy to take off and that these amounts will have to come mainly from medium and loog-term loans. However, in order to repay these loans (and to build up the economy), the bank envisions exports increasing by 16 percent yearly, while increas-

"Half of Germany's top 10

banks are Frankfurt-based.

Focus on Hessische Landesbank - Girozentrale -

We're one of them."

Debt-service ratios -- calculated es in imports should not exceed 14

These expectations have not been fulfilled. Although 1977 exports showed a 16-percent increase over 1976 exports, the first nine months of this year saw exports increase a meager 3.8 percent (to \$2 billion) compared to the first nine months of last year. Meanwhile, imports for the nine-mooth period rose 22 percent to \$2.9 billion, leaviog a balance of trade deficit of \$910 million. The year's deficit is expected to top the \$1 billion mark, compared to a \$764 million deficit last year and a \$1.06 billion deficit

This year's widened deficit has shocked government planners and forced Mr. Marcos to decree a 5percent slash in budgetary expenditures. The deficit-spending budget is pegged at 32.2 billion pesos (\$4.3 billion), with the lion's share of more than 17 percent going to the military.

Aside from the gloomy trade pic ture, there are two other constraints oo foreign borrowing. One is the inability of the government to generate sufficient domestic resources to meet budgetary obligations, thus necessitating foreign borrowing for budgetary oceds. The other constraint is the use of foreign borrowing for economically unfeasible projects, such as the convention center and the glut of hotels built since 1975 at a cost of some \$600

The borrowers, mostly friends and relatives of Mr. Marcos, are almost all late io their repayments to government lending institutions. The World Bank ooted that principai loans of the Developmeni Bank of the Philippines — which funded much of the hotel building — were 65 percent in arrears in 1975 and 73 cent in arrears in 1977. The bank termed this poor collection record "disturbing

Negative Factors.

Summing up the negative factors at work in the economy, observers oote that the GNP growth rate will not approach the 7.5-percent target and will likely be oear last year's

On the plus side is the fact that the largest percentage of foreign borrowings has gone to infrastructure projects such as power generation and electrification (15 percent of total borrowings). But most of this mooey is to pay for a \$1.1 bil-lion noclear power plant that is already considered a white elephant

by government planners.

Most of the outstanding foreign debt (28 percent) is owed to the United States, with Japanese creditors in second place (15 percent) and the International Monetary Fund in third place (8 percent).
The IMF placed a \$950 millioo

ceiling on borrowings of 1-15 year maturities, as a result of government's availing of the IMF's extended fund facility three years ago. Under that facility, the government drew \$260 million in special drawing rights.

But with the termination of the

how much of a debt problem this short-term money actually is - especially when it is revolving credits,

Gregorio Licaros, governor of the central bank, says that next year's government borrowings from foreign commercial sources will be limited to \$500 million, as compared with this year's \$643 million. He indicated that the government obligation at year-end 1978, the is trying to limit its dependence on country is expected to increase its foreign loans.



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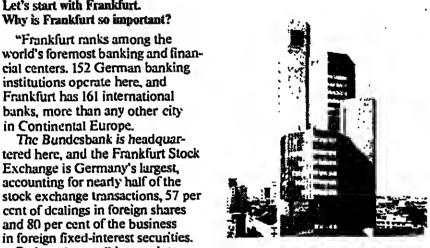
A joint effort between the bond trading departments in New York and Paris focuses on market making and agency trading in foreign securities, particularly Eurodollar and U.S. Yankee bond issues. The trading department in Paris concentrates its efforts on market making for issues the firm underwrites in overseas markets, and also provides similar services for a broader list of Eurodollar issues.

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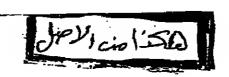
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Euromarkets____

Risk Japanese Awash in Liquidity, and Bankers Are Eager to Lend

and Morgan Gas Tokyo (IHT) — Eastern Tokyo (IHT) — Eastern Europe's money men are join-thick at 5.8 percent beat a path to Tokyo where funds are lush, interest is low and bankers

are lush, interest is low and bankers and loan to be after are eager to lend.

If million five year, Not only are individual Community of and for wat, inst bloc nations tapping this favor-cra were criticaph investment Bank of Comecon, the species was also market but the International and Market National Market National Approximation in the species of the species o

ink. Moreon Name Moseow-dominated ecocomic Societe General organization, is reported to be accepted. A total of \$150 miles on bargain-basement terms.

The Eastern bloc's purchases of and lenger mature goods are financed mostly by funds any Western based in the Eurodollar market. But many Western bankers have recept the money in ause of the grain with Comecon nations and are calling for restraint.

Comecon bone, and with Comecon nations and are calling for restraint.

So the East Europeans have turned to Tokyo where the Japanese in this trend an excellent opportunity for increasing trade with the Eastern bloc through liberneral Illunois li

tion of the Tokyo money management over Libera types are looking far and wide for looking far and wide for horsely have the company to take up the 19??, have tope foreign borrowers to take up the same level as the slack in domestic demand for medithe Romanian um and long-term financing as lo-German loan -! cal investment in plant and equiphe Foreign Tradel ment remains in the doldrums.

Lloyds is also By the best estimates available, U.S. bank are loons by U.S. banks war medium and long-term loans by the best estimates to non-Japanese banks to non-Japanese banks to non-Japanese that they will not in the first six months of this year, percent (a few se almost a 75-percent increase over ould take some g the \$4.2 billion in such loans throughout 1977.

such loans from approximately \$8 borrowers. billion at the end of June, 1977, to an estimated \$14 billion by Aug. 31

this year, according to one study.

The bulk of the loans, about 55

Mitsui Bank. percent, was in dollars although interest on yen loans is lower than on

dollar financing.
Nevertheless, foreign borrowers are inclined to shun yen loans in the belief that the year-long rise in the exchange value of the yen has not yet peaked, and they fear facing exchange losses at repayment time in spite of the fact that most loans have maturities of seven years or more, according to banking

Another reason is that government authorities discourage yen loans in that these do not directly contribute to their efforts to pare down Japan's bulging foreign reserves through an outflow of dollars. These reserves, mostly in dol-lars, stood at a record-breaking \$29.4 billion oo Oct. 31. Combined with surpluses in the trade, current, basic and overall accounts in Japan's balance of payments, these reserves play n major role in push-ing the yen further upwards on the international exchange markets.

Japanese bankers say that in addition to the lack of domestic demand for term funds, they are having to lend money on increasingly competitive terms to foreign borrowers because of the pressure of liquidity in the international banking system caused by the increase in the amount of resources available to banks in the Eurocurrency market. The main factor in this liquidity is the unfavorable U.S. balance of payments.

They point out that interest mar-

This quickened pace in lending have all moved steadily against the brought the amount ontstanding in lending banks and in favor of the

"We are today in a borrower's market," says Toshio Joki, director for international operations of the

Trimming Spreads

To meet this situation, Japanese banks are squeezing their interest rate margins — as spreads — as they seek harder and further afield for profitable lending opportuni-

This competition in trimmming spreads touched off some time ago a "mini-war" of words between Japanese and Western banks that bas caused consternation in Tokyo's paternalistic Ministry of Finance where it was seen as a threat to the reputation of Japanese banking.

The commotion was caused by a receot loan made by an all-Japa-nese banking syndicate to the state-run British Electricity Council. The Japanese banks, including Mitsu-bishi, Sumitomo, Fuji and the Long-Term Credit Bank of Japan, lent \$500 million for 10 years at the lent \$500 million for 10 years at the low rate of 0.5 percent above the London interbank offered rate (Libor) for the first six years, and 0.625 percent thereafter.

U.S. and European bankers charged that the low interest level was unjustified by market conditions and accused the Japanese of deliberate rate-cutting to steal mar-

Suspicions were voiced openly by U.S. bankers that Japanese banks were secretly getting dollars from the Bank of Japan instead of the regular interbank market in London or New York.

They point out that interest mar-gins, maturities and credit terms deny this although admitting that

the government is making dollars dicate of French banks some available to them to be lent out at months earlier. reduced interest rates to importers to help them buy more abroad so as to trim Japan's bulging trade sur-

They assert that the use of such dollar funds is strictly controlled and point out in their defense that these import-promotion funds are now also being made available to foreign banks operating in Japan. The banks discount bills for domestie importers, then offer these bills as collateral for yen-denominated loans from the Bank of Japan at the low 3.5-percent bank rate and then relend the money at 3.75 percent. Interest rates are now no-proaching 9 percent for dollar set-

As the controversy heated up, a U.S. banker coined the term "Banzai loan" to describe the deal, com-paring it to the suicide charges ade by the Japanese infantry World War 11. He paired it with Samurai boods, the popular expression for yen-denominated foreign bonds floated in Tokyo.

The furor was aggravated by the fact that, according to con-Japa-nese bankers, this cheap loan came at a time when U.S. banks were beginning to take a harder line on in-terest rate spreads and the syndi-cated loan market in Europe was beginning to stabilize.

The Japanese retorted that the City of Paris had obtained a loan of 0.5 percent over Libor from a syn-

They further pointed out that the decline in spreads has been a con-sistent trend during the past three years. During 1976, the lowest spreads for prime borrowers declined from 1.25 percent to one per-cent, during 1977 to 0.875 percent and this year to 0.5 percent for loans maturing in five years. In the very competitive conditions that prevailed in 1974, the finest rates were 0.375 persent.

Nevertheless, the imbroglio was sufficient for the Tokyo monetary authorities to call on the bankers for restraint. Toshimitsu Ohba, counselor for international finance in the Finance Ministry, says he wants the banks to maintain conventional standards for maturitymatching by observing the princi-ple of financing medium and long-term foreign credits with term obligations (deposits). lo Japanese banking parlance, this means deposits of more than one year and a

The cost of money for Japanese commercial banks has dropped sharply following the successive lowering of the Bank of Japan's discount rate to a record-setting 3.5 percent on March 16, a reduction of 5.5 percent from its peak in 1974. Interest rates on deposits were lowered proportionately so that ordinary savings deposits now yield a minimal one percent inter-

Goebel: Picture of Bavarian shooting range loriginal at City-Museum

But 60 percent of the total depo- prime rate. For imancing exceeding sits are term deposits. Interest rates such periods, 0.5 percentage points on these are 4.5 percent for one- are added. The other formula sets a year and 4.75 percent for two-year 7.6-percent interest with a proviso deposits.

Another cheap source of ven for Japanese banks is the call market, rates reportedly being offered is that of a 7.1-percent per year inter-these funds are cheaper than those ton a 40 billion yen, 10-year loan raised from deposits because of the to Australia now being put together low prevailing call rates. The Bank of Japan allows the banks to roll over these funds indefinitely to enable them to sustain their over-loaned positions, but it bas the power to intervene in the market by

setting call rates. In addition, loan funds have recently been supplied by life insur-ance companies that have joined the banking syndicates. This devel-opment, which at one time attract-ed considerable interest, now appears to have become a common

The loans being provided by Jap anese banking syndicates naturally vary in terms, maturities and conditions. However, the rule of thumb is that for dollar loans, interest rates will be Libor-based with spreads ranging from 0.5 percent to 0.875 percent over Libor, while in the case of yen lendings, the Japaoese long-term prime rate will pre-

in the latter case two formulas are predominant. One, on loans with five to seven-year maturities to favored customers, calls for an interest rate of 7.1 percent per year, the same as the domestic long-term

for a rate revision every two years. One example of such favorable

Australia will be provided another 40 billion yen over 20 years by a syndicate headed by the Mitsubishi Trust Bank and the Nippon Life Insuraoce Co., but this time with an interest rate of 7.6 percent.

The same rate applied to the largest single loan extended to a overseas borrower by a Japaoese syndicate, a 70 billion ven 20-year credit to the World Bank. In this case, 11 life insurance firms provided 45 billion yen against 25 billion yen provided by the Bank of Tokyo, manager of the syndicate. the Industrial Bank of Japao, the Long-Term Credit Bank and the Nippon Credit Bank. The previous largest syndicated loan in yen was for 30 billion, also to the World

One diversion from this rule is a floating interest rate based on the Japanese prime long-term interest rate that has been applied to a 5 billion yen eight-year credit to the Banque Populaire d'Algerie, in which several foreign banks in Tokyo participated for the first time in a yen-denominated loan to an overseas borrower.

The rate, floating at a margin of 0.5 percent above the long-term prime rate of 7.1 percent, will be reviewed every four months.

The Tokai Bank was the lead manager in the syndicate, which included nine foreign banks.

Previously only single foreign banks in Japan had participated in a syndicate for yen loans abroad. The first was in January of this year when Commerzbank joined a group of more than 10 Japanese banks in a loan to Sonatrach of Algeria, and in August when UBAF was part of a loan consortium to Morocco's Banque Nationale pour le Developpement Econom-

Two foreign banks joined oo Nov. 17 a consortium of nine Japa-nese banks and ten life insurance companies to lend 17 billion yen to the Algerian Maritime Transport Corp. at a rate of 0.4 percent above the 7.1-percent domestic long-term interest rate. The banks provided 9 billion ven, the insurance companies 8 billion yen. The interest rate will be reviewed every six months.

The Figance Ministry, which approved the participation of foreign banks in the comparatively small Algerian loan, is not expected to allow a foreign bank or banks to take the lead in a syndicated ven loan

Mexico a Major Borrower

By Pablo Madero

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nt falls not far skr nten's \$17 billion: MEXICO CITY (IHT) — Only a year ago the Mexican govtime are general enument received a \$1.2 billion 7year Enrodollar loan with a margin over interbank rates of 13 percent.

Last month SOMEX, a government-owned financial institution function formed recently from several adustry on the banks, received a \$225 million 7of the Currence, year loan at 7/8 percent. Thus in a Copper Manner one year, Mexico has considerably Combine is in increased its standing on the Enro-

r. a kind of az market. Mexico's public foreign debt stands at \$25 billion and its private foreign debt another \$5 billion. After Brazil, it is the most indebted country in Latin America. The debt service ratio is 35 percent. Until the or last year the standard rate of borrowing for Mexico were always on the order of 3/4 percent over Libor for six months, one per-cent for a year, 14 percent for two years, 1% for three years, 1½ for five years and 1% for seven years. But now, with the nation's booming oil industry pushing general economic recovery since the 1976 devaluation of the peso, there are

> Some bankers would say that the Finance Ministry, whose director of debt keeps a close eye on the country's borrowing, is becoming rather bullish in its approach to getting credit. The government now feels that it can afford to push itself. It has not defaulted on payments since the 1930s and there is growing confidence under the leadership of President Jose Lopez Por-

"black gold." And there is the liquidity in the world's banks with bankers falling over each other in the rush to find borrowers. All of this makes Mexico, once a headache to many bankers, quite an attractive market.

Although the government is sad-dled with an inordinately high debt, it gives no impression of being unduly worried about it. The International Monetary Fund, however, is concerned. During the discussions for the terms of the post-devaluation - credit facilities cit - the public sector having been financed under the last president, Luis Echeverria, mainly from forcign borrowing.

Mexico has borrowed its limit for 1978. The main loan this year was \$1 billion for Petroleos Mexicanos (PEMEX), the state-owned oil monopoly, which obtained the money for 10 years at a margin of 11/4 percent over Libor plus front end commissions of 3/4 percent. Less than n year ago in a \$350 million loan PEMEX paid 11/2 percent over Libor and one percent in commissions for five-year money. To complete the picture, PEMEX re-cently obtained between \$500 million and \$700 million from at least seven international banks with a margin ranging from 3/4 to 7/8 over Libor and front-end commis-

In addition, there is the country's sions of only 1/4 percent, PEMEX managed it by skillfully negotiating with individual banks for small amounts instead of going for one giant credit.

The other high priority is the federal electricity commission, which is scheduled to spend 90.3 billion pesos (\$3.9 billion) this year in order to provide the increased power base for Mexican industry.

Not Worried

This year Mexico will have bo Towed about \$8 billion, of which \$5 the IMF imposed a foreign debt billion is to repay debt maturing limit for the amount of new money this year and the remaining \$3 billimit for the amount of new money this year and the remaining \$3 bil-for 1978 of \$3 billion. It also laid lion is new money. Bankers are not down other conditions including re- worried about Mexico's ability to about the maturity structure, which leaves a high proportion of the to-tal to be repaid within a year.

> This autumn the public debt office tried to restructure foreign debt and to centralize borrowing, but so far this has oot materialized. Carlos Martinez Ulloa, the director of public debt, reportedly wanted to obtain a \$2 billion standby credit with the idea of replacing the lines of credit taken out by Mexican public sector agencies. The credit, which would have been managed by the Finance Ministry, would have served as a pool for the agen-cies. Medium-term borrowing would have been regulated with the aim of avoiding some of the disar ray that occurred in the past when all agencies would go to the market



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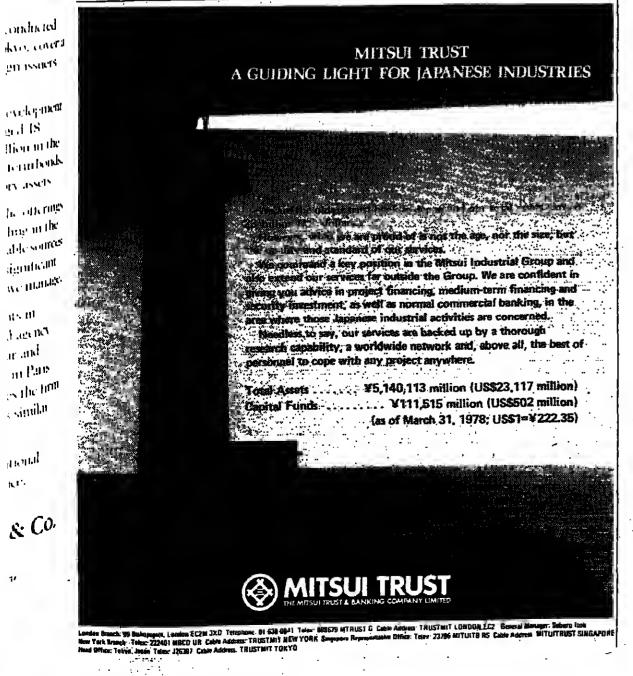
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OPEC's Surplus Expected to Continue Its Decline Next Year

By John Townsend

MANAMA, Bahrain (IHT) — The current-account surplus of the nations belonging to the Organizatino of Petroleum Exporting Countries is estimated to amount to some \$20 billion for 1978, compared to \$33.8 billion in 1977 and \$35.8 billion in 1976. While the projections for 1979 are clouded by the prospect of a significant rise in the oil price at current prices, the best estimates suggest that the 1979 OPEC current-account surplus would probably be of the nrder of

Part of the explanation of a fall-ing surplus is, of course, falling oil exports from the OPEC states, reflecting the continued economic malaise of the industrialized West and the increasing availability of alternative energy sources. A far more significant reason is that the damestic expenditure of the OPEC nations in their own societies has generated an appetite for imports that is growing at such a rate that at present oil prices only Saudi Arabia and Kuwait would be likely to continue to generate significant future balance of payments sur-

Even Saudi Arabia, as a result of a decline in its crude oil exports and a growing demand for expensive industrial capital equipment and technology, had to transfer SR 3.2 billion (\$961 million) at the end of September, 1978, from its own reserves to help finance industrial

development projects. Naturally enough, the falling surplus of the nil producing states has had an effect on their foreign iovestments. The Bank of England

estimated that OPEC foreign investments fell from \$12.6 billion in the last six months of 1977 to \$6.4 billion in the first half of 1978. At the same time, Middle East oil exporting countries' deposits with U.S. banks fell from \$9.2 billion to \$7.7 billion from January to June, 1978. The International Monetary Fund, in its 1978 Annual Report, commented that "the expected decline in new external investments of the oil exporters from 1977 to 1978 is likely to be smaller than the projected drop in their current-account surplus because of an increase in new borrowings by oil exporting countries with high absorptive capacity."

Massive borrowing by OPEC countries, especially by countries such as Venezuela, Algeria and Iran — all countries with ambitious development and industrialization plans and high capacity to absorb the rapid growth — has become a feature of the international capital market. OPEC borrowers accounted for credits totaling \$7.48 billion in Eurocurrencies in 1977, and for further \$4.93 billion in the first six months of 1978. In general, OPEC borrowers were offered at-tractive terms by the market, with a the London interbank offered rate (Libor). The exception was Algeria, historically a heavy borrower, which has had to borrow at almost 1.5 percent over Libor.

The United Arab Emirates appears also as a borrower, reflecting the loose political structure of the U.A.E., with Abu Dhabi earning pluses and Dubai borrowing up to OPEC EUROCURRENCY BANK CREDITS

(in billions of dollars)

	Year	JanJune	JanJune
	1977	1977	1978
Venezuela	1.67	1.25	1.32
Algeria	.72	24	1.07
Indonesia	.82		.72
Iran	1.22	.66	.71
U.A.E.	1.09	.70	.53
Qatar	.35	.35	.16
Nigeria	1.09		-
Other	.61	.26	.42
Total:	7.48	3.46	4.93

the maximum of its very consider-

Source: World Financial Markets

Pointers for 1979, depending al-ways on the size of the oil price in-crease likely at the end of 1978, will include the international capital market's reaction to any further request for borrowing from Iran. It is possible that Iraq, also a country with ambitious plans for industrial development and a fast growing domestic consumer market, may approach the market and join the ranks of significant OPEC bor-

It might be asked why the OPEC nations do not simply lend to each nther, as the overall surplus re-

mains still far greater than the intal borrowing. In a sense they do, in that much of the surplus is in the form of deposits in international banks and hence is available for lending to the OPEC debtor nations. Although the Arab mem-bers of OPEC are fast becoming what Said Nabulsi, the governor of the central bank of Jordan, calls intermediaries in the international capital market instead of only the suppliers of capital, OPEC as a whole does not have the coherence and the institutional strength to permit it to act as a bank itself. It

does have its own OPEC Special

tilateral agencies or with national development funds, for specific development projects. The OPEC Special Fund is intended as a development fund for deployment throughout the Third World; it was never intended as a buffer fund for the OPEC nations themselves.

Insofar as it is the Arab members of OPEC who are the surplus earners, it is reasonable to look at the development of Arab financial institutions, as distinct from OPEC financial institutions. Arab cootributions to international lending have so far tended to be on an ad hoc basis, with little or no cooperauno among the various Arab financial institutions themselves in the provision of loans or even in the membership of international syndicates providing loans to borrowing

This tendency is beginning to change, as Arab money managers develop in professional expertise and self-confidence. The dream of a unified Arab currency is a long way off, but increasing collabora-tion among the Arab lender nations in OPEC is regarded by many as the first step towards the creation of a genuine Arab capital market.

Two developments underline this thesis. First, the creation of the Arab Monetary Fund (AMF) has provided a central institution for general lending as well as for balance of payments support. The first operation of the AMF was the fund's participation in a \$120 million Eurocurency loan to Algeria.
Subsequently, the AMF has provided balance of payments support credits for Egypt and Sudan.

Although the Arab surplus states, especially Saudi Arabia and Kuwait, dn not have a dominating role in the AMF at the present time, many observers believe that in the future the fund will become more and more the logical vehicle for deploying OPEC Arab surplus funds to meet the needs of the borrowing nations of the Arab world. The logic behind this concept is. that the AMF would provide a rea-sonably apolitical set of rules for the management of loan capital. The Saudis, for example, now wor-ry about making untied loans to other Arab states, for they have little cootrol over the use of the money provided and no certain way of ensuring that loan capital is used for the purpose for which it was originally provided.

Investment Banks

The second development leading towards the creation of an Arab capital market based on oil revenue surphises is the development of genuine Arab investment banks. For the best part of a quarter of a century, the Arab world has talked of setting up Arab investment institutions. Many intergovernment bodies with impressive sounding names were spawned, but few became genuine investment and lending institutions. An exception to be noted is the Riyadh-based Arab Investment Co., which has had a certain amount of success in investing Arab surplus funds in developing countries, for example, the Sudan. Part of the problem was that the government-sponsored investment institutions tended to be managed by civil servants or dignitaries,

rather than by bankers.

The OPEC surplus, almost all of it Arab, has encouraged bankers to set up consortium banks aimed at the commercial lending of the surplus. Banks such as the Banque Arabe et Internationale d'Investissement (BAII) and the Union de Banques Arabes et Françaises (UBAF) were intended to combine Arab money with Arab and international management expertise to ensure the profitable lending of surplus funds. Now Arab bankers are going it alone, with organiza-tions such as the Bahrain-based Gulf International Bank and the Kuwait International Investment Co. being seen as lead managers for OPEC and non-OPEC international borrowers. This trend may be expected to continue, as the Arab merchants of the Gulf and the pen-insula deploy their considerable en-trepreneurial and mercantile skills to maximize the return on the oil surpluses earned by their govern-ments' exports of crude oil. Already, these banks are attracting a share of oil surplus deposits, a share that is likely to grow in the

What of the future of the OPEC surplus, and hence that of the OPEC borrowers and lenders? There are two distinct trends, which could become contradictory. First, the OPEC borrowers, and especially those with the determination to create modern industrial societies - Venezuela, Algeria, Iran (in spite of recent troubles, the country has really no nther option), fraq, Indunesia, Nigeria — will tend to become more international, and to borrow on international markets at the best rates and with the best available conditions. No oil price increase can provide the

Already some of these countries, Algeria being a prime example, have tended to mortgage their fu-ture by saddling themselves with high levels of loan servicing charges over the ensuing decade. Of course, loans can always be extended and rescheduled, but the ultimate liability for future generations remains.

The calculation of policy makers is that the increased earning capacity of the society that they are trying to create will make loan service charges that seem high today a much more easily digested item in the national budgets of the future. The OPEC borrowers, certainly the larger of them, are thus firmly linked to the international mone-

The OPEC lenders, in essence

development capital that they need to deploy over the space of two or three decades if their plans and aspirations are to be satisfied.

only Saudi Arabia and Knwait the U.A.E. having a small in the U.A.E. having a smal tradition to look to a regional per Arab world, rather than to the international community. This is how to say that they are parochial the contrary, their aid record to the Third World is both generous and effective, and their role in the intenational financial comm both responsible and profession

> OPEC borrowers have little in common save their need for interna-tional bank credit, and hence have to have an international approach the OPEC lenders, being snu countries with a common herita are tending to form a regional capi tal market and a set of instituti aimed at giving them add strength in the international capit

Swiss Seeking New Roles But Terms Unappealing

By Bhushan Bahree

URICH (IHT) — The big Swiss bankers are seeking to expand their role in the syndicated loan market and at the same time reduce their interbank lending business. Given the current state of the market, however, where the borrowers have the upper hand, the Swiss have found the terms unappealing. Consequently, they have had to be content with being able only to maintain their share, estimated at somewhat less than 10 percent of new business in syndicated loans.

At Credit Suisse, the third largest Swiss bank, Senior Vice President Hans-Ulrich Doerig says that Swiss participation in syndicated lending may be down slightly from last year, but this difference is probably accounted for by currency changes, with the rising Swiss franc resulting in lower entries on Swiss banks

Although Swiss bankers in private express interest in diversifying their activities by participation in more syndicated loans, in public they are more cautious, citing the borrowing-short and lending-long aspect of this market.

The disenchantment of the Swiss with the current market is partly due to factors that also affect other banks in the Eurocredit business, and partly due to special circumstances of their own. Thus, Swiss bankers cite the narrow spreads, the long maturities and contractual terms that increasingly favor the borrower, developments that affect all in the Eurocredit business. The factors that apply particularly to the Swiss are the high liquidity and capital requirements, and the fact that the rise of the Swiss franc and the consequent outcry by the Swiss export industry has meant that the banks have had to take into account the political and social climate in Switzerland and be ready

to give preference to export loans. At Basel-based Swiss Bank Corp., Guido Condrau, vice-presi-dent in charge of syndicated loans, says that because banks are refinancing themselves in the shortterm, and because the Swiss banks that stems from their being relative maturities — 10 years or more."

On the ever-narrowing spreads, the Swiss view is that a cyclical up turn is inevitable, although one cannot be exact about the timing This does not mean that the Swiss banks are declining to participate in syndication but that they are disinclined to do so simply in show more business and swell their

balance sheet totals. Given this factor and low yields, the Swiss banks are attaching more importance to such things as the quality of the loan and are, of course, keen to preserve relationships with prime clients. Moreover, the strategy is to seek participation in a large mmber of loans, earmarking smaller

Regarding their special situation, Swiss bankers say that their costs are higher, although they decline to be specific about their break-even level, citing the many variables that make this a moving target. The higher costs, they say, result from liquidity and capital requirements (under Swiss law) that are the highest among countries whose banks are active in Eurocredits.

Moreover, the Swiss banks will for the first time have to file a con; solidated balance sheet that in cludes their foreign operations with the Swiss banking commission this year. They will not be required to publish it, but bankers are worried about the possibility that this may be a prelude to yet greater capital and liquidity requirements that would raise their costs further.

While all these developments make the syndicated loan market less attractive for Swiss banks, they are under pressure to help the export industry by providing export inans on generous terms. This pressure is the result of the rising Swiss franc, which has put Swiss expert ers at a disadvantage in world man kets. While the government and the central bank look desperately for ways to put a lid on the franc's size, they have sought to calm exporters by coaxing banks into offering a vorable credit facilities. Moreover, the banks are under social pressure are not dollar based and as such have no lender of last resort, "it makes us very reluctant no long port firms become grimmer with

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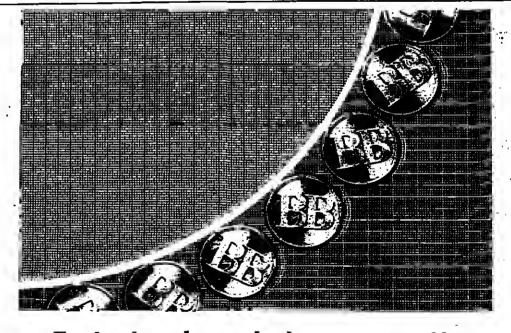
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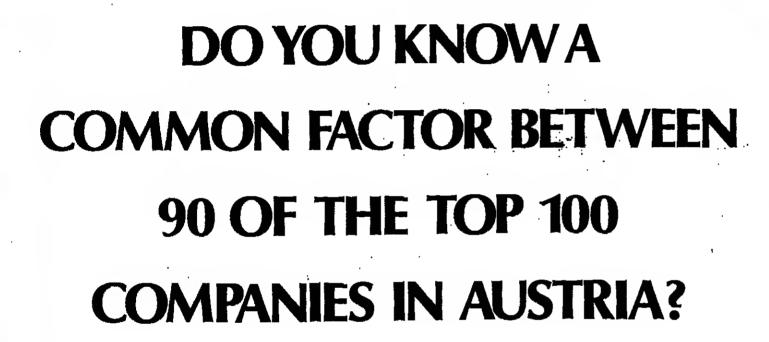
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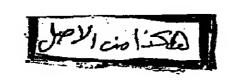
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A similar procedure will be fol-

lowed in Switzerland, where the United States is expected to sell be-

tween 1 billion and 2 billion Swiss

francs of three- and four-year nntes. The Swiss notes will be sub-

nies and pension funds would oor-mally be able to reclaim at least

Published with The New York Times and The Washington Post

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the Surplus, alreing a U.S. Issues Expected in Europe ound by geograph een Boosting Eurodollar Market order, rather than to hack in a region and community with the c

hat they are pare ONDON, Nov. 26 (AP-DI) — not be eligible for resale to nonresigned is both store Eurodullar bond market is not dents. For one thing, West German authorities want to insure that the and their rule in timent. market technicians say.

fin in culting ment. market technicians say.

financial tole in ment, market technicians say, once absorb some of the domestic financial tome, opinion among underwriters and profes of dealers appears to be turning why toward optimism.

Out is that why toward optimism, why toward optimism, why toward optimism, which is the line of the profession of the domestic liquidity generated by recent large-scale sales of marks by the Bundesbank and by the Federal Reserve Bank in New York to support the dollar. Moreover, U.S. authorities want to avoid the possibility of central international packets and Swiss francs. E.C. lenders, begins to financing on the West Germany liquidating the with a common in an and Swiss capital markets and clear and the same of the domestic liquidity generated by recent large-scale sales of marks by the Bundesbank and by the Federal Reserve Bank in New York to support the dollar. Moreover, U.S. authorities want to avoid the possibility of central banks and other institutions outside West Germany liquidating their dollar holdings to buy the U.S. notes denominated in marks. ing to form a repull not have anything directly to el and a set of the with the Eurobond market.

at giving then However, some analysts believe in the international the funding will give another yehological boost to the dollar. If

there could well be some switchfrom long-term Deutsche mark d Swiss franc bonds to Eurodolcertificates of deposits, floatingte notes and possibly to highupon, fixed-rate Eurodollar

pealing d Swiss franc bonds to Eurodolte notes and possibly to highupon, fixed-rate Eurodollar
tutions such as insurance companies and pension funds would oor-

Global Certificates

According to well-placed source ever-narrowing, the U.S. Treasury is hoping to view is that a colvat between 3 billion and 4 billion intevitable. Althogarks of three- and four-year notes exact about the West Germany. These notes loss not mean tobably will be in the form of iks are declining bobal certificates that will be sold syndication but treedy to commercial banks, with fined to do so so the bank getting a specific quotate business and a liss will be similar to the proceduct totals. Greature used for placements by the loss here totals. Greature used for placements by the ling more import clear indication of the interest into dollar securities where yields are four to five points higher in comparison with Deutsche mark yields, and five to six points higher in comparison with Deutsche mark yields, and five to six points higher in comparison with Swiss franc yields, and five to six points higher in comparison with Swiss franc yields, and five to six points higher in comparison with Swiss franc yields, and five to six points higher in comparison with Swiss franc yields, and five to six points higher in comparison with Swiss franc yields, market sources say.

Underwriters are discussing the possibility of reopening the prima-According to well-placed sourc- part of the taxes withheld.

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New York Stock Market

By Vartanig G. Vartan

NEW YORK, Nov. 26 (NYT) - Rising interest rates traditionally have proved a bugaboo for the stock market. But last Friday, with rates climbing on two key froots, the stock market moved higher. It thus indicated again that the familiar rules for predicting stock prices, at least on a shortterm basis, bave flown out the window this year.

Friday's modest 3-point rise in the Dow Jones iodustrial average marked the sixth advance in the last seven trading sessinns, a welcome development after October's disastrous slide. Further, for the 23d time in 27 years, the Dow industrials posted a gain in the day following the

Thanksgiving holiday.

For the full week, the Dow industrials rose 12.39 points to finish at 810.12 amid light trading. Volume on the New York Stock Exchange for the four-day week totaled 79.8 million shares, compared with the previous week's 124.3 million shares.

What exactly was happening nn the interest-rate front? On Friday morning, many of the nation's major banks increased their prime lending rate by a half point in 11.5 percent. This represented the infriest level in more than four years for the most visible of all rates and is only a bit below the record 12 percent prevailing in the summer of 1974, a period that still chills Wall Streeters and their customers.

Then, within hours, the Federal Reserve served subtle nnuce in market watchers that it had raised its target for the federal funds rate to at least 9.75 percent. The funds rate is perhaps the least visible, and most critical, of all short-term rates. The reason is simple: this rate usually sets the direction for all other rates when it moves up or down.

How could the stock market shrug off two ostensibly bearish develop-ments that occurred in a single day? Particularly when the bond market dropped so sharply Friday in response to the same double-barreled developments on the rate front.

Analysts said that the prime-rate increase had been widely anticipated and, therefore, already was discounted by the stock market. As for the tightening of the federal funds rate, this was adjudged to mean that the Fed is determined to support the U.S. dollar abroad. And since the trend of the dollar in currency dealings these days is perhaps the most importany determinant for short swings in stock prices, it appeared to be the silver lining of what normally would be B very dark cloud over Wall

early September.

Optimists say that steady institi-tutional purchases of Eurodollar honds in the secondary market Bi yields ranging between 9.20 percent and 9.50 percent should enable underwriters to sell a prime quality. seven-year issue with a 9.25 percent annual coupon.

It is argued that such a rate would be competitive with New York markets, where General Elec-

ry market for fixed-rate Eurodollar uric Credit Corp. recently paid the bonds, which has been closed since annual coupon equivalent of 9.39 early September. annual coupon equivalent of 9.39 percent for a \$150 million, six-year

Deterrents to New Activity

However, doubters cite the trend of higher short-term dollar interest rates, uncertainty over the magni-tude of next mooth's oil-price increase by the producers' cartel and the prospects for an acceleration in the U.S. rate of inflation as deter-(Continued on Page 21)

Commodities

Silver Paces Metals; Grain, Livestock Rise

U.S. Coal Firm Settles Bias Case

CHICAGO. Nov. 26 (AP-DJ) -Silver fever in Chicago made the part by silver, closing \$10.40 an rose slightly. metal the leader in an unbalanced precious-metals market last week. Prices of grain, livestock and other commodity items also rose.

For the first time in five weeks, all the metals futures that are York exchanges — gold, silver, copper and platinum — scored net price gains for the week.

But the continued buying of silver on the Chicago Board of Trade. usually a secondary silver market to New York's Commodity Exchange, made Chicago the leader and upset the usual price patterns.

Distant Contracts Slump

Prices for nearhy-delivery months scored gains for the week, while more distant contracts, both on the Commodity Exchange and nn the Board of Trade, went lower - an unusual development, espe-cially in times of high interest rates when sinning silver for far-distant delivery is more costly than usual.

One trend-setting trader in the Chicago market reportedly was buying for a commission house whose client is planning to take delivery of a large amount of silver.

Traders, fearing that available supplies might oot cover all outstanding contracts for delivery in December, rushed to buy BI steadily rising prices, unwilling to be caught in short positions.

So, after two weeks of hizarre price fluctuations, silver gained 3.5 cents an ounce in Chicago for the December delivery. It rose by 10.5 cents an ounce in New York but still closed 2.3 cents an ounce below Chicago's pace-setting \$6.128 December contract, Cootracts for more distant delivery were lower

Gold prices were drawn higher in cents to 1812 cents and corn prices ouoce higher for December than fore the Carter administration announced on Nov. I its plan for vig-nrous measures in prop up the waiting for more Russian dollar. Russian

gold auctions to deflate ballooning speculation in gold as a dollar hedge — was previewed Thursday with a 750,000-ounce offering by the U.S. Treasury. Response was this mooth, Chinese officials indi-less than enthusiastic, with bids averaging \$199.05 an ounce.

Although the dollar's performance during the holiday-shortened week was mixed, the dollar prices of most major commodities rose on fundamental factors, including reports of growing grain exports, feared that the wheat available in shrinking cattle supplies, strong demand for cotton and potential threats to cocoa production.

Wheat Price Highs

On the Board of Trade, wheat prices reached life-of-contract highs in two of the six trading months, consuming nations to reach an gaining 9 cents to 16½ cents B bushel to close Bt \$3.75 for the December delivery. Soybeans gained 9 last week amid disagreement over

WASHINGTON, Nov. 26 (UPI)

-The Consolidation Coal Co., the

second-largest producer of bitumi-

nous coal in the United States, has

agreed to pay a total of \$370,000 to

women who were denied mining

jobs in the southern Appalachian regioo between 1972 and 1976 be-

The settlement, forestalling a possible lawsuit and the loss of fed-

cause of their sex.

Continued news of export dethe previous week, at \$210.40, mand for U.S. grain joined a slow hardly a dazzling finish when compared to the \$247 level reached between the boundary of the state of the sta About 10 countries are in the

One of the weapons in the Carter dillar-defense arsenal — expanded ture said Wednesday that China had bought 145,000 more tons of U.S. wheat Officials also reported last week that during Secretary of Agriculture Bob Bergland's visit cated that they expect in buy 10 million in 12 million tons of wheat and corn annually for the next few

years, about as much as analysts had expected. In a situatinn similar to the one in silver, wheat traders said they Chicago warehnuses would be inad-equate to meet delivery obligations for the December contract, against which delivery can be made be-tween Dec. I and Dec. 29.

Attempts to Switzerland by the world's grain-producing and graio-

eral contracts, was annouoced Fri-

day by Uodersecretary of the Inte-

Mr. Joseph said the firm has agreed to a program aimed at fill-

ing more than 20 percent of its

miner-trainee positions each year with women, with the ultimate goal

of matching in the mines the

region's percentage of women in the workforce — 32,8 percent.

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prices and the size of world stocks. But the news had little effect on U.S. grain markets.

On the Chicago Mercantile Exchange, which closed Friday to complete a major expansion pro-gram, cattle and hog futures rose on light holiday-week marketings and expectations of rising consum er demand.

Cattle futures were 1.3 cents higher for the week to close at 58.1 cents a pound for December, within a fraction of a cent of life-of-contract highs. Higs rose 0.88 cents to 53.5 cents a pound.

On the New York Cotton Exchange, prices rose by 1.02 cents a pound in heavier-than-expected trading on strong industrial demand, analysts said. On the New York Cores Exchanges Yark Cocoa Exchange, cocoa prices were 2.65 cents a pound higher, only a fraction of a cent from life-of-contract highs, on the continuing apprehension that beavy rains and unfavorable economic conditinns in western Africa will impair

On the New York Coffee and Sugar Exchange, coffee prices were higher by 3.5 cents a pound for the week, possibly on some buying by producers in a price-stabilization elfort, analysts said. Sugar prices

Lumber futures on the Chicago Mercantile Exchange were \$3 lower per 100,000 board feet. The begioning of a seasonal full in the bous-ing industry, a Thanksgiving-week shutdown by many mills and rising interest rates contributed to the curb in buying of lumber futures.

Interest-rate futures on Chicago markets plunged Friday on the news that many of the United States' major banks have increased their prime lending rate to 11.5 per-

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THIS IS A PARTIAL LISTING: 9 - CAT 583H, 6 -CAT 571, 2 - CAT 0-7. CRAWLER TRACTOR/-DOZERS: 10 · CAT D.8H, 2 · CAT D. 7E, 2 · CAT D.4D, MOTOR GRADERS: CAT 14G, 2 · CAT 14E, WELDING TRACTORS: 2 . CAT D. D401B, CASE 580B-CK, AIR COM-PRESSORS: 5 - INGERSOLL-RAND CREW 175 DF TRENCHERS: 2 -BARBER GREENE TA-77, MOTOR WATER EQUIPMENT: Dredge boot "The Dophine," one 20' power boot CRAWLER CRANES: UNK-BELT LS-MENT: JOHNSON botch plant, 2 self-propellnd dumpers, 2 CHALLENGE 601-D 6-yard truck mixers, 2 · KWIKMIX 165 portoble mixers, 2 · FREDERICK PARKER 300L hyd. mixers, JOHNSON Fast-botch BELT HC-108C 50-ton, GENERATOR PLANTS: 3 - CAT D-346 355 KW, 3 -CAT D-346 355 KW, WELDING EQUIPMENT: 25 - LINCOLN 400
AMP, 3 - UNCOLN 300 AMP, 5 UNCOLN 225 AMP, 21 - LINCOLN
200 AMP, HYDRAULIC EXCAVATORS: 3 - LINK-BELT LS-4500. WHEEL LOADERS: 3 - CAT 980 ar-ticulated TRUCKS: 1975 GMC 6000 tradiated TRUCKS: 1975 GMC 4000
4 X 6 grease truck, 1975 MACK
R68SLST 6 X 4 tandem mixer truck, B
1975 CHEV. C60 4 X 2 service
trucks, HYSTER 5Z5AP forklift truck,
1975 CHEV. C60 4 X 2 refrigerator
truck, 3 · 1975 CHEV. C65 4 X 2
winch trucks, 1975 CHEV. C60 4 X 2 winch truck, 2 - MACK RS68SLST 6 X4 tandem fuel truck. FLAT BED TRUCKS: 2 - 1975 CHEV. C65 4 X 2. TRUCKS: 2 - 1975 CHEV. C65 4 X 2, 7 - 1975 CHEV. C60 4 X 2, 2 - 1973 CHEV. C60 4 X 2, 2 - 1973 CHEV. C60 4 X 2, 1973 GMC 5500 4 X 2. TRUCK TRACTORS: 1976 MACK RS773LST 6 X 4 tondems, 14 - 1975 MACK RS685LST 6 X 4 tondems, 11 - 1974 MACIRUS DEUTZ Model 232D26 6 X 4. PICKUPS: 13 - 1975 CHEV. Custom Delure 20 3 4 tron 3 - 1975 CHEV. CUStom Delure 20 3 4 tron 3 - 1975 CHEV. DEUTZ Model 232026 6 X 4.

PICKUPS: 13 - 1975 CHEV. Custom
Deluve 20 3 4-ton, 3 - 1975 CHEV.
Custom Deluve 20 3 4-ton, 3 - 1975 GMC
SIERRA 25 4 X 4 3 4-ton, 3 - 1975
GMC SIERRA 25 4 X 4 3 4-ton, 3 - 1975
CHEV. Custom 30. CARRYALLS: 4 - 1976
CHEV. Custom Deluve, 6 - 1975 GMC
Sierra 25 4 X 4 2 - 1975 CHEV. Blazer 4 x 4 BUSES & CARS: 10 CHEV.
C60 buses, 1 - 1975 Pontico Ventura 4-toor. LOWBOY TRABLERS: 1975 ELDER Model 1275DDLS: 111-casle, ELDER Model 1275DDLS: 111-casle, ELDER 65-ton 10 irr-casle iowboy, 1973 5HOPBUILT 80-ton 4-casle 9 lowboy, 1970 ELDER 50-ton 4-casle 9 lowboy, 1970 ELDER 50-ton 4-casle 80 lowboy, 1970 ELDER 50-ton 111-casle 81 lowboy, 1862 DAYNE 35-ton tim-dem 8 lowboy, 1870 ELDER 50-ton 111-casle 81 lowboy, 1862 DAYNE 35-ton tim-dem 8 lowboy, 1863 DAYNE 35-ton tim-dem 8 lowboy, 1864 DAYNE 35-ton 111-casle 81 lowboy, 1864 DAYNE 35-ton 111-casle 81

Phone or wire for complete information 1211 CITIZENS BANK CIR, RICHARDSON, TEX. 75080. PHONE: U.S.A. 214/690-3639. TELEX: 73-0610.

1960 STRICK 740LR 40' tondem, 2-1960 STRICK 740LR 40' tondem (office/worehouse), 2-1956 HO88S tondem, POLE TRAILERS: 35-1975 HO88S tondems, 2-1970 HO88S landems, 4-LELAND tondems. ROAT TRAILERS: 15-1975 AZTEC

Model FCB tondem, 4 - LELAND TF2250 landems.

International, Ltd.

Market Over-Counter

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All these notes having been sold, this announcement appears as a matter of record only.

French Francs 100,000,000 10% Guaranteed Notes 1978-1985

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BANQUE BRUXELLES LAMBERT S.A. CREDIT LYONNAIS KREDIETBANK S.A. LUXEMBOURGEOISE MORGAN GRENFELL & CO. LIMITED

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CAISSE DES DEPOTS ET CONSIGNATIONS DEUTSCHE BANK AKTIENGESELLSCHAFT LAZARD BROTHERS & CO., LIMITED WESTDEUTSCHE LANDESBANK GIROZENTRALE

ALAHLI BANK DF KUWAIT IK.S.C.)

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A.E. AMES & CD. LIMITED

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AMSTERDAM-ROTTERDAM BANK N.V.

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AMSTERDAM-ROTTEDAM BANK N.V.

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BANCA NAZIONALE OEL LAVDRO

BANCO DI RDMA

BANK GUTZWILLER, KURZ, BUNGENER, IDVERSEAS) LTD.

BANK LULIUS BAER INTERNATIONAL LIMITED

BANK LULIUS BAER INTERNATIONAL LIMITED

BANGUE RURDPEENNE DE TORNO

BANGUE RURDPEENNE DE TORNO

BANGUE BLIGE POUR L'INDUSTRIE 8 A.

BANGUE BLIGE POUR L'INDUSTRIE 8 A.

BANGUE BULGE POUR L'INDUSTRIE 8 A.

BANGUE GENERALE DU LUXEMBOURG S A.

BANGUE GENERALE DU LUXEMBOURG S A.

BANGUE DE NEUFLIZE, SCHLUMBERGER, MALLET

BANGUE DE NEUFLIZE, SCHLUMBERGER, MALLET

BANGUE DE PARIS ET DES PAIS-BAS IBELGIQUEI S A.

BANGUE DOPULAIRE SUISSE SA LUXEMBOURG

BARCLAYS BANK INTERNATIONAL LIMITED

BAYERISCHE LANDESBANK GROZENTRALE

BANGUE POPULAIRE SUISSE SA LUXEMBOURG

BARCLAYS BANK INTERNATIONAL LIMITED

CHAIL BANGUE POPULAIRE SUISSE SA LUXEMBOURG

BAYERISCHE LANDESBANK GROZENTRALE

BELYTH EASTMAN DILLDN & CO. INTERNATIONAL LIMITED

CHICORP INTERNATIONAL GROUP

CHASE MANHATTAN LIMITED

CREDIT TONDISTRIEL OLDS FRANCE

CREDIT INDUSTRIEL OLDS FRANCE

CREDIT INDUSTRIEL DIAS ACE ET DE LORRAINE

CREDIT DUNDRO

CREDIT MARGUE ACE

CREDIT DUNDRO

CREDIT SUSSE FIRST BOSTON LIMITED

CREDIT NOBLE ACE

CREDIT DUNDRO

CREDIT SUSSE FIRST BOSTON LIMITED

MADROS BANCHARD REDE ARAB FINANCE CORPORATION 5.A.L. BANCA COMMERCIALE ITALIANA

SOCIETE CENTRALE DE BANQUE

SOCIETE GENERALE DE BANQUE

SOCIETE GENERALE DE BANQUE

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SOCIETE SEQUENAISE DE BANQUE

SOCIETE SEQUEN SOCIETE SEQUENAISE DE BANQUE STRAUSS, TURNBULL & CU. SUMITOMO FINANCE INTERNATIONAL SVENSKA HANOELSBANKEN SWISS BANK CORPORATION (DVERSEAS) LIMITED UNION DE BANQUES ARABES ET FRANÇAISES - U.B.A.F. UNION BANK OF SWITZERLANO (SECURITIES) LIMITED VERBAND SCHWEIZERISCHER KANTONALBANKEN J. VONTOBEL & CO. S.G. WARBURG & CO. LTD. DEAN WITTER REYNDLDS INTI RNATIONAL WOOD GUNDY LIMITED YAMAICHI INTERNATIONAL (EURDPE) LIMITED

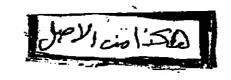
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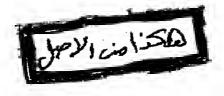
By reading across this table of the November 24, 1978 's closing interbank foreign exchange rates, one can find the value of the major currencies in the national currencies of each of the following financial centers. These rates do not take into account bank service charges.

le) Commercial Franc. ("] Units of 100. (x) Units of 1000. [y] Units of 10,000. (z] Amounts needed to



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INTERNATIONAL HERALD TRIBUNE, MONDAY, NOVEMBER 27, 1978 Page 19 New York Stock Exchange Weekly Bond Sales Frice Bonds Lost | Price | Bonds Lest Price AppP 187284 Arco 8,70461 Arco 8582 Arco 876583 W YORK JAPI-Can Ed 3485
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Bonq F 9: 810
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Brozil 9: 425
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Eurc 5: 425 Germ Sallo IntStdE 4484 Jopon B 1481 Jopon S 1481 Jopon S 1480 Mesco 61279 Mesco 61279 Mesco 10380 Mes 88 Salve Duke P 77-807 P 77-80 E 77-80 3E ICT 81286
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Tesarro 5'-49'
Tesarr **Bank Stock Quotations** (Closing Prices of the week's trading.) Rail Workers End Shutdown First Nat. Clan.

Girard Company
Ind Val Boak & Trust Phil.

Lincoln First Bonks.

Nellon Nat Boak Piffs.

Nat. City Corporation.

New Enstond Merch. Baston.

Philodeiphia Nat. Cars.

Pitts Nat. Boak.

Prov. Nat. Cors.

Secur Poc Corporation.

Showarust Ass. Boston.

Showarust Ass. Boston

U.S. Trus' New York

Un Val Bonkshores.

Virgina Nat Brissh. In Argentina BUENOS AIRES, Nov. 26 (AP) - An estimated 50,000 railroad workers ended an illegal two-day shutdown of state-owned commuter and other rail lines Thursday after the military government ex-empted them from its ban on collective bargaining. An agreement negotiated by the Labor Ministry will allow railroad **NYSE Averages** unions to negotiate a higher wage increase than their members were scheduled to get next month. Net Charge SL22 +1]A
42.44 41.40 42.40 +1]A
38.42 38.25 38.26 +0.41
38.42 38.25 38.26 +0.45
55.58 55.10 55.59 +0.95
53.44 52.95 53.44 +0.70 Political and labor union activity has been banned since the armed forces seized power in March, 1976. The strikers had defied arrest before the government, which said there would be no reprisals, offered ard & Poor's NCNB 8.495 NCNB 74497 NCNB 74497 NCNB 74497 NCNB 74491 NCOS 44485 NCIV 5*548 NCIV 5*548 NCIV 5*548 NCIV 5*548 NCIV 5*548 NIND 12*63 NHOTI 4*49 NIND 12*63 NHOTI 9*495 NEIT 8*409 NEIT 8*501 NEIT 8*601 NEIT 7*401 106.39 105.50 106.39 +1.51 13.26 13.08 13.26 +0.22 49.81 49.49 49.81 +0.77 11.36 11.29 11.36 +0.17 95.79 95.01 95.79 +1.37 the precedent-setting agreement. Leaflets issued by the striking conductors, signalmen and ticket-takers said they were earning \$166 monthly and demanded \$277. They

Dutch to Probe Tenerife Crash

were scheduled to get a 37 percent increase next month, but argued that more was needed to offset

36 Indust. 29 Transe. 15 Uills. 65 Comb.

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k EndedNov. 24, 1978
Soles High Low Lost Choe
872,200 22% 25% 31% 45%
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251,800 18% 17% 17% 19%4
20,400 49% 44% 49% 45%
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143,000 19% 14% 19% 45%
143,000 19% 24% 14% 19% 45%
115,400 4% 32 42% 43%

Consolidated Trading Of AMEX Listings

Week Ended Nov. 24, 1978

Advances: 605 : declines; 211 ; unchanged: 199 New Highs: 10 ; new lows: 34

Kredietler: Indices (Bose 100 May 1, 1977) Nov. 8 Nov.

Volume: 10,440,000 shores Year to Date: 908,830,000 shores Issues traded in: 1,615

NEW YORK, Nov. 26 (AP) -Authorities in the Netherlands will launch their own probe rather than accept a Spanish government re-port blaming a KLM Royal Dutch Airlines plane for the crash last year at Tenerife airport in the Canary Islands, it was recently dis-

closed.

The disclosure was made at a conference called by Judge Robert Ward, of U.S. District Court, in Manhattan last week to discuss remaining damage claims arising from the collision on March 27, 1977, of KLM and Pan American Airways jumbo airliners.



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687% Brk Un 94696 91 Brswk 44981 8376 Burlind 5s91 7834 Burlind 5s95 7892 Burlind 5s95 6974 Burle 55958 6774 Burle 18497 6454 CBS 7.85501

CBS 7.85s01 CIT 73481

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ment personnel ere ready to be your partners worldwide: Partners in loens. Partners in new ventures. Partners in export. Partners in foreign exchange and

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DM Bonds (average prices) Arbed 634-87	100.00 104.40			ONAL BONDS Uar-denominated issues)	
Australien 574-89 Brasilien 744-84 Brasilien 644-83 C C C E 7-89 C C T 774-83 C F P 842-85 C F P 842-85 C F P 642-84 E I 8 6-87 Eurolom 514-87 E I 8 6-89 Eurolima 8-83 Europarat 7-83 Europarat 642-87	98.90 103.25 99.70 103.75 103.75 105.25 101.75 99.40 95.80 103.50 98.60 107.00 107.00 99.50	E W G 7 ¹⁴ -83. Finnland 7-87. Forsmarks 5 ¹⁴ -90. Gen Zentralbk Wien 6-87. Hydro Onturio 6 ¹² -87. I A D 7-87. I A D 4 ¹⁴ -88. I C I 7 ¹ / ₂ -87. I C I 6 ¹⁴ / ₂ -87. Kingd of Denmork 6-58. Kingd of 7 ¹ / ₂ -87.	100.25 100.25 95.25 99.50 101.00 102.00 98.35 104.40 102.75 98.50 98.75 104.50 103.76	Neusseland 7½-86 Neusseland 5½-86 Neusseland 5½-86 Nora Kammunalbk 6-89 Norabe Gas 7-89 Norask Hydro 6¼-89 Oesterreich 6¼-85 Quebec Provinz 7½-87 Quebec Hydro 6½-87 Sanko Steamship 7-84 Sanko Sleamship 7-84	103.25 104.50 98.90 98.75 100.25 102.50 102.50 103.50 105.25 107.15 N.A. 103.80 99.00

This announcement appears as a matter of record only



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and provided by AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION
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Paris Branch
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BANQUE INTERCONTINENTALE ARABE
CANADIAN IMPERIAL BANK OF COMMERCE MIDLAND BANK FRANCE S.A.

AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION

THE BANK OF TOKYO, LTD. UNION MEDITERRANEENNE DE BANQUES



November, 1978

Voest 64-89 Weltbook 64-87 Weltbook 8-82	100,75
Weitbonk 612-85 Weitbonk 514-90	100,50
Units of Ac	
Comm Urb 8-86	146,30 -
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Denmark 8-86	146.50 -
E.S.B. (Irl) 814-86	146.50 -
Escom 814-86	
Maniloba 7-89	1400
Nancy 6-86	14027
Reed 614-86	
S.D.R. 8-86	148.00 -
Apel 9½-85	
Cofficoute 9-89	
Cop City7-93 Cog City 834-86	102.50 104.00
Cop City 914-85	102.50 104.00
Con City 10-79	100.50 102.00
C.C.A. 914-85	100.00 104.50 103.50 105.00
Enso 914-64	103.50 105.00
Funen Tel 9-84	102.00 103.50
G.I.S. 996-83	101.00 102.50 105.00 106.50
Helsinki 10-83	99.50 101.00
Iceland 914-86	103.09 104.50
Iceland 10-94	109.00
Imetran \$12-67	102.50 104.00 104.00 105.50
Ind M Bk 912-63	
Ireland 914-82	100.50 102.00
Ireland 994-84	102.50 104.00 99.00 100.50
K.L.I. 734-93	99.00 100.50
Osio 874-92	
Osia 914-85	102.00 103.50
Osla 10-81 Pechiney 874-89	103.00 104.50
S.D.R. 7-93	. 97.50 98.50
S.D.R. 912-87	102.50 104.00
S.D.R. 914-85 51, Oil 1nd. 8-88	103.00 104.50
51. Oil 1nd. 8-88 5wed State 914-85	100.50 102.00 104.50 106.00
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GMAC 94-83	9574 9414
Hudson Rey 181/ 95	AMIL AMIL

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CECA 10V-82		101.50 101.50 102.75 83.25 102.00 84.25 102.50 101.50 83.75 101.50
Guilders		~~
ABN 9½-79	90.00 97.00 97.50 98.00 97.75 90.00 97.75	97.75 97.75 98.25 98.75 98.75
Holl Inn 61/2-79	98.50 98.50	

KLM 6-79	98.50	99.25	
Ned Gas Un. 944-79	100.00		
New Zelond 634-79		99.25	
Philips 4-79		98.25	
Sperry 672-79		100.00	
St. Bronds 61/2-79		98.00	
Luxembourg Fr	ancs		
Aslan Bank 634-87	29.50	97.50	
E 1B 7086	95.75	96.75	
Burmeh 7-86	84.50	24.50	
Cons Eur 7-87	90.00	92.00	
Denmark 634-87	90.00	92.00	
Gr. Met.Hot. 674-87	84.50	28 40	
Finland 7-87	90.00	92.00	
15 E 6V2-87	94.00	94.00	

Chicago Options Table

Chicago Options Table				
Option & price Vel. Last Vol. Last Vol. Last Class	Certion & strice Vol. Last Vol. Last Close	Option & seice Val. Last Vol. Last Vol. 1		
Certifon & perfect Vol. Least Vol. Least Clease Params 10 b b b b b 5 346 1344 27 100 Certifon 10 b b b b b 5 346 1344 27 100 Certifon 10 b b b b b 5 346 1344 27 100 Certifon 10 b b b b b 5 346 1344 27 100 Certifon 10 b b b b b 1 47 1344 47 14 1344 47 14 14 1344 47 14 14 1344 47 14 14 14 14 14 14 14 14 14 14 14 14 14	Holbin 70 71 1 5 2% 0 0 3 30% Honstak 25 6 6% b b b b b 30% Honstak 25 6 6% b b b b b b b 30% Honstak 25 6 6% b b b b b b b 30% Honstak 25 6 6 6% b b b b b b 30% Honstak 25 6 6 7 6% 1 14 4 6 7 6 3 30% Honstak 25 6 6 7 6 7 6 7 6 7 6 7 6 7 6 7 6 7 6 7	Am Hos 25		

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v Talks End

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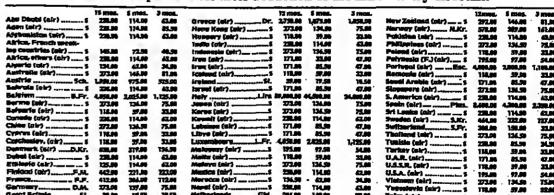
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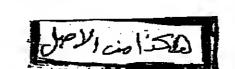
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lepublicans, N.Y. Bank To Promote Credit Cards

By Adam Clymer

National Committee will begin ntly promoting credit cards next it cards."
ar. with the Republicans getting

A spo ioder's fee of \$2.50 for every new sa card issued.

A sookesman for the bank said mailing, probably to about 0.000 credit-worthy registered publicans in New York state, is very standard arrangement." He id the party would be getting the indard fee that other promoters, ch as department stores, receive. Robert Perkins, the ontgoing tance director of the Republican ational Committeee, said the par-

considers the New York mailing phase one and hopes to extend offer elsewhere. He said be med the cards would facilitate uty contributions by credit cards,

method already in use.
The card will say. "This card consored exclusively by the Reliblican Party." It will have the litty and bank labels on the back. The party will match lists of New ork state's 2.694,656 registered epublicans against credit lists. Perkins said he estimated that 0.000 credit-worthy Republicans ould be selected.

Letter From Brock

They will receive a letter signed y Bill Brock, the Republican naonal chairman, saying that irough a special arrangement with fanufacturers Hanover they are eing offered a card with a \$1,000 ne of credit. The card can be used t 20,000 or more locations, the let-er will say, and, by getting one on its offer, they can also help the

arty.
The bank spokesman noted that ther comprofit firms, such as the to be denominated in SDRs in merican Automobile Association, three years received a surprisingly merican Automobile Association, three years received a surprisingly re looking into promoting bank good reception this week. The 25 redit cards with their members. million SDR, seven-year oote issue one large commercial firms like of the Swedish Investment Bank ar rental agencies are also considwas priced at par bearing 9 percent. Total subscription demand was put ring similar arrangements.

The Democratic National Comlan, but Mark Shields, a Demo-ratic political consultant, said, Syndicate sources said that there We're finally seeing conclusive roof of the plastic nature of the issue by central banks, which, as a

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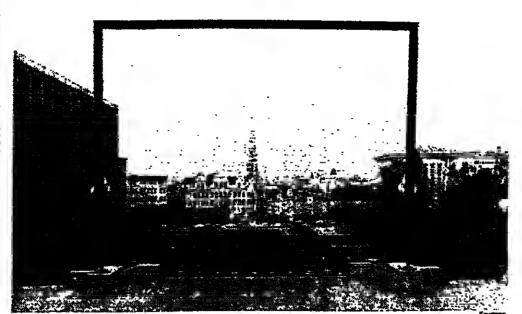
for

VASHINGTON, Nov. 26 (NYT)

Manufacturers Hanover Trust
of New York and the Republidates, so it's logical they would take the oext step and go into cred-

> A spokesman for the Federal Election Commission said there had been oo request for an advisory opinioo oo the legality of the procedure. But, if the Republicans were providing a service to the bank, she said, the finder's fees would oot be an improper contribution by the bank.

Mr. Perkins said the plan had advantages for both sides. The party would get finder's fees, and perhaps it would be easier to get cootributions from holders of the oew Republican Visa card. And the bank, be said, would be getting "a whole oew way to market their



BELGIAN PICTURE WINDOW - To celebrate its 50th anniversary, the Royal Association of Dutch-speaking Engineers built a frame through which to view the center of Brussels.

-Euromarket-

(Continued from Page 17) rents for a resumption of new issue

activity.
On Friday, Ciobank, Morgan Guaranty Trust Co. and several other major U.S. banks, raised their prime lending rates by a half point to 11.5 percent, instead of by the

usual quarter-point step.
While this development should put further pressure to lower bond prices, it could also give further upward impenis to the dollar. Hence, the increase in interest rates may encourage nondollar-based investors to buy dollar bonds because currency appreciation could more than offset any losses on the price. Although the special drawing right has been dropping almost steadily against the dollar for several weeks, the first Eurobond issue

was considerable demand for the

at 43 million SDRs. In after-market

principal payments for the Swedish investment Bank's issue are in dolars at the prevailing rate for the SDR, quotations for the issue are in SDRs. Recently, the exchange rate for the SDR, as published by the International Monetary Fund, was \$1.27376, making the issue equivalent to about \$31.8 million.

In the Deutsche mark sector, a 400 million mark, 10-year issue of the World Bank received a lackloster reception last week. Priced at 99.5 bearing 6.25 percent to yield 6.32 percent at maturity, the issue was trading in the after-market at around 98.

Meanwhile, a syndicate led by Westdeutsche Landesbank scheduled a 150 million mark, 12-year issue of Occidental International Finance Nv. for an offering with an indicated 6.5 percent coupon. Guaranteed by Occidental Petroleum Corp., the issue provides a sinking fund starting in 1985 that will included in authorizations for reduce the average life of the amount outstanding to 9.5 years.

Also in the market is a 150 mil-

matter of policy, are continuing to diversify their reserves out of the dollar.

lioo mark, 10-year convertible issue for Sharp Corp. Although Sharp is a household name, the offering was said to have received a somewhat cool reception because its size is much larger than oormal.

The Japanese consumer electronics company is paying 3.5 percent semiannually. Noteholders will have the right to convert their ootes into the Tokyo-listed shares starting Eep. 15 at what is expected. ing Feb. 15 at what is expected to be about a 7 percent to 8 percent premium above the price of the stock at the time of the offering. Commerzbank, meanwhile, is ar-

ranging a private placement of con-vertible notes of Tokyo Electric Co. The ntility is expected to pay 3.5 percent semiannually on its 40 million mark, six-year notes.

In Tokyo, the Ministry of Finance approved floating 38 inter-

oational issues by Japanese companies during the first quarter of next year for a total of about \$1.16 bil-lion, This is up sharply from 27 is-sues totaling \$789 million in this

The issue was said to be selling and 13 convertible issues denominated in Deutsche marks. Japanese bankers said that the

is that the interest costs are low. The coupon rate for such issues in Swiss francs is 2,875 percent; for

Elf-Aquitaine bearing 9.75 percent was said to be selling well. The French state oil company's offering is managed by Banque Nationale

Week Ended Nov. 22

Unit of acc. loog term

Market Turnover Week Ended Nov. 24
[Millions of U.S. Dollars]

main reason for the continuing deluse of Japanese convertible issues

Deutsche marks, 3.5 percent. In the burgeoning French franc Euromarket, a 150 million franc, 10-year issue of Societe Nationale ting a list of proposals to all its unions that would more or less rev-

Eurobond Yields*

(U.S. Dellers)	
International institu-	
tions	9.22 %
Industrials, long term	9.53 %
Industrials, medium term	9.59 %
Canadian dollars, medi-	
um term	10.46 %
French franc, long term	10.40 %
This of our loan town	0 11 0

Total Dallar Equivalent 726.50 523.10 203.40 1.371.6 1.075 296.60

2 U.K. Papers Near Shutdown Deadline LONDON, Nov. 26 - Two of ther, staff reductions would come Britain's most prestigious papers, the Times of Loodon and the Sun-

Braced to Force Union Concessions

through retirement and turnover rather than dismissal. Over the years, the Times has been plagued by unofficial union disputes. This year, the Times newspapers have lost an estimated

12 million copies and \$5 million in pretax profits to wildcat strikes. Dugal Nisbet-Smith, general manager of the papers, said: "We seem to be in the business not of

producing newspapers, but of employing people."

The daily Times — with a circulation of 292,652 — has always When the deadline arrives, it will be up to Times Newspapers Ltd. management to determine whether to extend oegotiations or halt pubstruggled to make a profit. In most lication until a settlement is years it has lost money, but it was

making money this year before a succession of wildcat strikes. The other papers on Fleet Street will be watching the battle, which The Times of London was purmay determine the economic health chased in 1966 by the Canadian miltionaire, Lord Thomson, who injected \$40 million into the paper of Britain's national press in the years to come.

William Tuohy

day Times, are approaching a self-

imposed deadline to cease publica-

tion next week unless their unions

The labor issue is so complex and far-reaching, however, that many analysts here believe that it

will be impossible for management

and the unions to reach agreement

The current crisis began April 27

when the management of the pa-

pers announced that it was submit-

54 bargaining units at the paper.

about 35 percent.

Pay Increase Offered

agree to new contracts.

by the Thursday deadline.

by last year. New Era Is Hoped The most optimistic observers

The Sunday Times — with a cir-culation of 1,392,230 — has been a consistent mocey-maker when not believe that a satisfactory solution to the struggle may turn around the fractions labor-management relations oo Fleet Street, which are among the worst in British indus-

hampered by wildcat strikes.

After Lord Thomson died two

Peace Corps Head Resigns in **Policy Dispute**

olutionize working agreements. The Times also said that the proposals WASHINGTON, Nov. 26 (UPI) would have to be accepted by Nov. President Carter has announced the resignation of the only woman and only black to head the Peace M.J. Hussey, the chief executive officer of the two papers, told un-ion leaders that he wanted oew Corps, Dr. Carolyn Payton, be-cause of "unresolvable policy differences" with the head of wage structures, oo wildcat strikes, new procedures to settle labor disputes, oew manning levels and an agreement to introduce comput-Action, the umbrella organization that administers her agency and other voluoteer-service programs.

er typesetting equipment.

The Times also wanted to reduce the oumber of unioo branches that Dr. Payton, in a letter to Mr. Carter released Friday by the White House, said, "The issue beit must deal with. Curreotly, it tween the director of Action and me is an issue of substance about must negotiate 69 agreements with the Peace Corps and oot one of my sex, color or age."
The director of Actioo is former

trained field force for the agency.

Ultimately, the Times wants to reduce its 4,300 employees by anti-war activist Sam Brown. about 1,000. It is generally consid-Neither Mr. Carter, Dr. Payton ered that the newspaper industry oor Mr. Brown made clear the deon Fleet Street is overmanned by tails of dissension over the Peace Corps' future, although Mr. Brown In turn, the management said that it was prepared to provide has advocated a smaller but better-

what it called generous pay iocreas-es and many fringe benefits. Fur-the daily paper's losses. He and the management were determined to bring more coherent labor methods to their papers.

> Mr. Nisbet-Smith said, "About 90 percent of management time is spent dealing with disputes. As a result, we have almost no time left for managing the business and lay-

ing plans for future expansion." Management did not quickly follow up its initial statement with detailed proposals. Most of the summer was wasted, from the union's point of view. Ooly in the last few months has management delivered its proposals, which in many cases are enormously detailed and often cut across traditional union lines. And these proposals usually were given to the union leaders at the national level — without consulting the local units on the papers.

C. Los Angeles Times

Times Warns Readers

LONDON, Nov. 26 (UPI) The Sunday Times said that today's issue may be its last for a long

"We hope that we will be with our readers next week," the paper said in a froot-page story. "But a suspension of publication may take place on Thursday."

Action Is Urged On U.K. Fishing

LONDON, Nov. 26 (AP) — A member of Parliament called on the government yesterday to threaten to use of Royal Navy ships to protect Britain's fishing rights. Tom Torney, chairman of the

ruling Labor Party's food and agricultural committee, made his call after Common Market fishery talks in Brussels ended to disarray Fnday with the West German minister, Josef Ertl, reportedly calling the British representative, John Sil-kin, a "fischkopf" [fish head].

The dispute was over Britain's demand for preferential access to the fishing waters around its coast. Mr. Torney said he would seek a meeting with Mr. Silkin, the fisheries minister, to suggest that the government threaten to deploy the

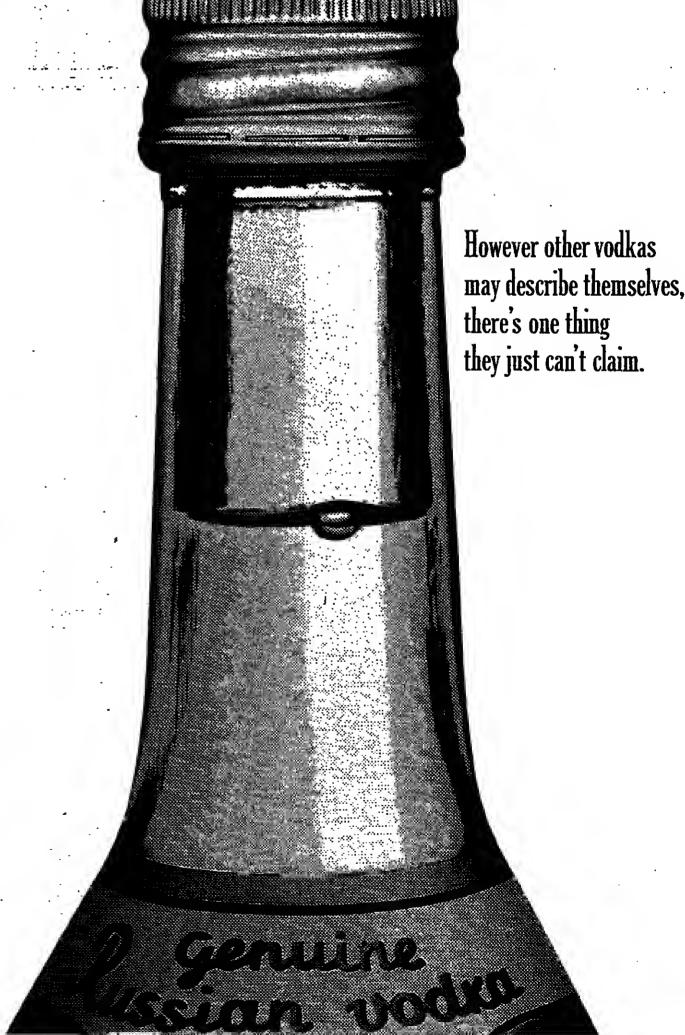
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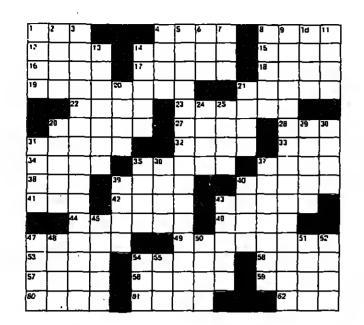
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Issues Trades in: 2,874 Advances: 1,378; deci

Moskovskaya and Stolichnaya. Only vodka from Russia is genuine Russian vodka.



CROSSWORD____By Eugene T. Maleska



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AS A WATCHDOG, YOU'RE GETTING MORE USELESS EVERY DAY!

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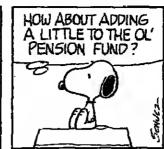
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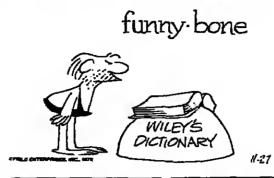
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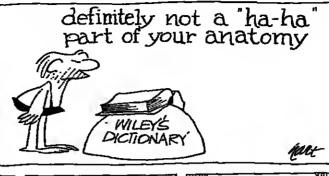
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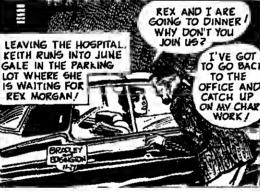
















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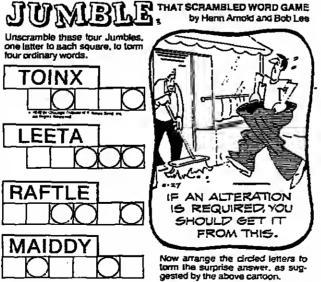
DEPARTMENT

NEWS IS, I'M









LAnswers tomorrow Jumbles: LOWLY SHEAF GALLEY FINITE Answer: A kind of "art" you might be surprised to find in a moving picture—"STILL" LIFE

Imprime par P.I.O. · I. Bd. Ney Paris 75018



TOLD HIM, DAD, BUT I GUESS CATS DON'T UNNERSTAND ABOUT RESERVED SEATS.

BOOKS

SEEING THROUGH CLOTHES

By Anne Hollander, Viking, Illustrated, 504 pp. \$25.

Reviewed by Christopher Lehmann-Haupt

to identify and separate what pre-ceded and followed that event. The shock of Ernest Hemingway's terse prose style is incompreheasible un-less one mentally isolates it against a background of the florid writing that preceded it, just as the original stunning effect of Manet's famous "Olympia" will be lost on anyone who doesn't know that wheo it was first exhibited, a painted nude had never looked that way before.

To have made it clear why any number of nudes in history had never looked that way before is one of the many interesting accomplishments of Anne Hollander's oew book. "Seeing Through Clothes," which might be loosely described as a history of fashion. It is also extremely thought-provoking on a number of other subjects: the "disloction of cloth and body feel the alecule of cloth and body [as] the secret of Greek art;" the evolution of costume in the theater; why the color black keeps recurring as a form of anutashioo (romantic alienation; the avant-garde mocking the formal rites of the bourgeois); why Flaubert and George Eliot are better writers than Poe and the Brontes: and how the advent of motion pictures changed our visual sense of space occupied

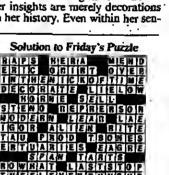
by the human body.

But what, you may well ask, does
Manet's "Olympia" have to do with the Brootes as writers, or the Brootes with the use of drapery in oeoclassical art, or any of the above with the prose of Hemingway. which subject and its treatment at the start of this review are my cootributions to the melange and oot Mrs. Hollander's, though I suspect it was under the influence of her scattershot thinking that they were allowed to soeak in there? There are connections, as it turns out in the long run, but they are difficult to discern the first time through "Seeing Through Clothes."

Finding Images in Art

Indeed, in the short run it is hard to tell whether the book is saying anything substantial at all, lo her preface, the author mumbles some thing about "the elothed figure [looking] more persuasive and comprehensible in art than it does in reality." Therefore, she goes on to say, it is in the visual arts, which these days include photography and cinematography, that people find the images that form their ideals of fashion. But this thesis appears to be a dead end. After all, how can we tell how the clothed figure looked in reality before the advent of photography, wheo the only representation of elothes exists in the ideal-reflecting visual

What follows doesn't help. It isn't so much that the list of chapter titles — "Drapery," "Nudity."
"Undress," Costume, "Dress" and fails to disclose any logical development in her argument. It's more that once we plunge into the early chapters, we find our-selves badly adrift. No topic sentences intervene to tell us where we have been or where we're headed. It's impossible to say whether the author is recounting history to sub-stanuate her insights or whether her insights are merely decorations on her history. Even within her sen-



PERHAPS the most difficult thing about understanding any given event in the past is the need to identify and separate what preand of its relation to the act of el tar. cloth itself, varies according to the sa. 'S prevailing standards of what is ted at contral and 'ideal.' "Though concatted at centration will eventually pry the area is light out of such a statement, this area isn't the sort of prose one can readen, and think about at the same time. Blad.

Adorning the Psyche

How could such an opaque book ins his bave been written by such an obvious B ously penetrating mind? One besien it gins to get an inkling along abouted. Chapter V. called "Dress." Hereby B. Mrs. Hollander finally comes to be grips with the thesis adumbrated in grips with the thesis adumbrated in see her preface — namely, that clothesiti, adorn the psyche as well as the flesh, and that it is the evolving pie- years and the second present and torial environment, not simply the tique random tyranny of fashion designs pu ers, that shapes what the psyche an finds acceptable to wear. Only oow, because she is dealing with contemporary times, where the evidence of the difference between the visual ideal and the actuality lies all about her, she is able to back up her the-

sis with vigorously reasoned proof. Why didn't sbe begin her book with this chapter, and then work her way back through history with the proof of her thesis firmly established? I bave oo idea, unless it was for the superficial reason that she meant to treat her subject ehrooo-logically. I can only say that "See-dan iog Through Clothes" makes more sense if you read Chapter V [irst, and then Chapters II, III, and I, in that order, and last of all Chapters IV and VI, where treatment of theatrical costumes and elothes in literature is simply decorative (al- ac, though why clothes and literature a are subsumed under the chapter - 5: heading "Mirror" still escapes me]. Still isn't that "Seeing Through LC. Clothes" is a hopeless muddle. It's just that you have to work a little to extricate it from its angle.

Christopher Lehmann-Haupt is a book reviewer for The New York

Heroin Traffic Rises, Chief of **Interpol Says**

PARIS. Nov. 26 (AP) — World-wide trafficking of heroin increased considerably in the early part of this year compared with last year. according to the secretary-general of Interpol. But the smuggling of cocaine has declined dramaticulty. "We have witnessed a far lower

seizure of heroin in the Far East, which has inevitably led to heavier trafficking, particularly between the Middle East and Europe, Andre Bossard said recently at a conference.

Scizures of cocuine have tripled statements of cocuine have tripled statements with last year. recently compared with last year.

Without naming any specific period for the comparisons, Mr. Bossard said that, in general, the amount of trafficking in hard and soft drugs this year was roughly the same as last year.

Peking Said Building Underground City

HONG KONG. Nov. 26 (Reuters) — China is building an underground city in Peking, complete with hotels, hospitals, restaurants and workshops, the Chinese oews agency said yesterday.

A spokesman for the municipal construction department said the underground buildings would be for production and daily life in

for production and daily life in time of peace, and in case of war, they could serve as air-raid shelters.

CHESS.

By Robert Byrne

You would think that anyone who had just finished a grueling three-month world championship match would not want to see another chess board for at least another three mooths.

Yer Victor Korchnoi showed up to head the Swiss team in the recent World Chess Olympiad in Bucoos Aires and wound up winning the gold medal for the best result at board No. I with the top score of 9-

Moreover, his last-round victory over the U.S. champion, Lubomir Kavalek, crimped American ambitions. Korchnoi's unusual opening system against the King's Indian Defense discoocerted Kavalek, who Defense discoocetted Kavalek, who had gone undefeated up to then.

Korehno's 7 B-N5 is rare in tournameot play, but his 9 PxP.
PxB: 10 PxN, QxP was downright weird, producing a position difficult to evaluate. Whereas Kavalek no longer had a pawn center and did have a weak pawo at KR5, his KB bore down an open diagonal and he could count on swift development.

Kavelek should have opted for active counterplay with 13... N-N3, forcing either 14 N-Q2, Q-N3; 15 O-O, P-KB4 or 14 P-B5, PxP: 15

OxBP, P-B3, Instead, his 13
N-K4, a purely defensive move, did
not dispute White's initiative.
Oo 14 NxN, it would have been
dangerous to recapture with 14
. OxN because 15 P-B4, followed by 16 P-KB5, would have yielded chances to Korchnoi for a kingside attack.

Korchnoi's maneuvers on the kingside with 20 Q-R3 and 24 R-R5

kingside with 20 Q-R3 and 24 R-R5 guaranteed that he would win Black's foremost KRP.

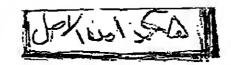
Perhaps Kavalek could have put up a better fight with 28 QxNP. In any case, after 28 RxP; 29 B-B5ch, he could not rely on 29 . . . K-N2 because 30 RxR. QxR; 31 R-N4ch, K-B1; 32 QxPch, K-K2; 33 Q-R4cbl, P-B3; 34 Q-R7ch would have forced mate.

The bishon sacrifice with 32 R-

The bishop sacrifice with 32 B-K6 could not be accepted, because 32....PxB would have permitted K6 could not be accepted, because 32... PxB would have permitted 33 RxRch, QxR; 34 Q-R6ch, K-K1; 35 QxPch, again forcing mate. After 38 K-R3, it was vital to play 38... P-R3. Missiog that, Kavalek resigned on 41 QxQBPch because of 41... K-K2; 42 R-K8mate or 41... K-N4; 42 Q-R6mate.

KING'S INDIAN DEFENSE : White — Korcinol Block — Kovelek





USC Edges Notre Dame on Kick; Michigan Wins Rose Bowl Berth Berth eld Goal Good Leach's Passe

is case for get load.

If the appropriate in partitives and S ANGELES, Nov. 26 (UPI)

In partitive and S ANGELES, Nov. 26 (UPI)

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and all phose of the state of t forning the Part 1 with 46 seconds left to put sorning the Parks in Pete Holohan for a touchbuild such an appear to put
build such an appear to part and such as the Troth fitten by the American So yards in four plays to
the taking many to his three-pointer.

You called a state though the Irish lost, they
lander finally of one of college football's
the thest admir on a 24-6 deficit at the end of
parks a sum of montana.

The cutter were only 44 seconds left
frame in fashing USC, which faces Michigan
shapes when the set time. A 10-yard pass from
the is dealing which he ball on the Trojan 40. After
these where the ball on the Trojan 40. After

Mable to wen to McDonald to Vic Rakhshani is a dealing with he ball on the Trojan 40. After ones, where the appoint threw an incomplete the actuality locited a 35-yard pass to Calvin able to back up merey that gave the Trojans the Jorial of the lock of the first 25. Heisman Trophy candicated through hoster White, ran five yards ack through hoste Notre Dame 20 with 12 second the theory left and Jordan then was sum-

of her thesis logic left and Jordan then was sumave no idea wheed off the bench.

perfectal reason addition to his 2-yard tooch-

reach reach; addition to his 2-yard tooch-reather subar n pass to Holohan with two can only any nots left. Montana had a 57-th Clothes may touchdown pass to Kris in read Chapternes at 2:34 of the fourth period hapters it. It can the USC lead to 24-12, and last of all (7th 3:01 remaining. Notre where treatment cerept within 24-19 on Pete times and dughanan's 1-yard touchdown run simply dear capped a 14-play, 98-yard chathes make featuring Montana complement under the s of 20, 19, 18, 17 and 7 yards.

https://doi.org/10.100/10.10 it hopeles that ans without a first down and is have to work ty King bad to punt. Notre from its angle ae got the ball back with 1:35 o on its own 43. The Irish went

57 yards in seven plays. or tehnamilialontana, who completed just 3 a strong second half. He comed 17 passes in the second half Traff for the game was 20 of 41 for the game was 20 of 41 for yards, McDonald was 17 of 29
281 yards. Each quarterback ed for two touchdowns and intercepted once.

Third of the ball 37 times
205 yards and one touchdown

305 yards and one touchdown.

10 141 - brdan kicked a 39-yard field

11 1th cart sed a 20-yard field goal attempt amparation with by in the fourth quarter. He also But the state rest point conversion in

declared distant Texas Tech 22, Houston 21

n variable halt-inference's leading rusber, com-Land langup a late touchdown and then and around aght a two-point conversion pass rive Texas Tech a 22-21 upset Houston.

apared with the loss prevented the Cougars n elinching a spot in the Cotton amany any seed. However, Houston can still the conference title and a trip that m genthe Cotton Bowl against Notre the visual sar begrodome next Saturday. Houston be heavily favored but a Rice at could throw the conference

Build adnot's scoring climaxed a 87-Texas Tech drive in the elos-reputifit Communication after Houston seemed character half is way to wrapping up its first character half is supposed SWC championship. the in the dispute the same winning streak, second aksham the gest in major college football, extended Tech's winning steak

and to held ix—a surprising turn of events the the state of the same as surprising turn of events to permit a lighth in the conference before building a season began.

Baylor 38, Texas 14

The Mark of the Control of the Contr Greg Wood each ran for one hdown and Wood passed for ther to lead Baylor to a 38-14

> aylor opened a 28-0 halftime l, prevening Texas from enter-Bear territory until early in the

manager vaylor, which began the season $K^{(1)}$ is a solid observable. The Republication which began the season that he was a solid chance of capturing the control of the season and the season that the season was kill as the season that the seas at until yesterday's game. The the man with son record and were 2-5 in me play. Texas, which has won her him the Sun Bowl against ryland, is 7-3 overall.

ollege Football de intra Mill

in the limit of the 14 Rulgers 9 wore 42 Jocksonville St. 27 KK Cross 20, Connecticut 16 KK Cross 20, Connecticut 17 KK Cross 20, Connecticut 17 KK Cross 20, Connecticut 18 KK Cross 20, Connecticut

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mino 51, Tex.-E1 Poso 21 pon 24, Oreson St. 3 27, Notre Dome 25 23, Utah St. 28 hinsten 28, Washing



Frank Jordan is carried off the field by his teammates after he kicked the field goal that beat Notre Dame, 27-25.

An Old Quarterback Offers Some Advice

By Red Smith

NEW YORK, Nov. 26 (NYT) — gan we had a drill, falling on the Benny Friedman was watching on hall. We reached for the ball with television when Richard Todd, in both hands as we dove for it, his first game with the New York Jets after repairs to a broken collar. Surfect repairs to a broken collar. bone, ran a quarterback draw play, you're rolled up compactly, noth-gained seven yards and was ing's going to happen to you, but gained seven yards and was ing's going to happen to you, but squasbed. Friedman winced when a becomes instinctive. brace of Philadelphia Eagles landed on Todd. Later when he learned that the recycled collarbone had the ball today I see him go to the been cracked again, he shook his ground like a base-runner sliding head. "It hurts me," he said, "It into second. He winds up all happens somewhere every Sunday sprawled out and defenseless, just and it isn't necessary at all."

when Benny Friedman made
All-America at Michigan as the
best quarterhack and forward

asking for an injury.

"I was watching Nebraska and
Oklahoma. That Billy Sims of Oklahoma broke off tackle and got to passer of his time, tacklers in the Big 10 jumped on him regnlarly but he always got up. In 1927 he joined the Cleveland Bulldogs of the National League and with 16 company to the played a 22 case calculate. rades played a 23-game schedule. go to the ground you have both in 1928 be was one of the 17 mem. hands on the ball. In 1928 be was one of the 17 members of the Detroit Wolverines.
Then be did three years with the New York Giants, who had 19 players, and two with the Brooklyn back must drop back to a specific Texas Tech 22, Houston 21

Dodgers. Because Sunday games place so his blockers know where to set up the pocket for him. He sets sometimes played 60 minutes up on his right foot and times his scored a touchdown and Scott Sometimes. the Frankford Yellowjack ets in Philadelphia on a Saturday and 60 minutes the next day in

Cleveland. In all those years and all those mediately he becomes the best games he did not lose a tooth or gain a broken nose. He believes he knows wby, but coaches do not refer to the Stone Age for advice. "Don't call us." they say. "We'll call you — when we decide to put bound to bend the wrong way, in the Minnesota Shift."

bound to bend the wrong way.

"If the quarterback will follow

Namath's Lesson

"We are all creatures of habit," Benny said, "and we do what comes naturally. I saw Joe Namath, knocked on his tail, put a hand down to break his fall and be broke his wrist. Later Terry Hanratty of Pittsburgh did the same thing and was out five weeks with a sprained

"It's natural to try to break a fall. We do it instinctively, but at Michi-

NHL Standings CAMPBELL CONFERENCE .

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WHA Standings

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ebec 3 (at)

Sooner Guard Honored OKLAHOMA CITY, Nov. 26 (UPI) - Oklahoma offensive guard Greg Roberts, a 6-foot-3-inch, 240pound senior, was named today as the winner of the Outland Award as the outstanding interior lineman in collegiate football.

Leach's Passes Beat Ohio State

COLUMBUS, Ohio, Nov. 26 (UPI) - Quarterback Rick Leach passed for two touchdown here yes-terday to give Michigan a 14-3 vic-tory over Ohio State, a share of the Big Ten title and a Rose Bowl berth against Southern California. Leach, one of the leading con-

tenders for this year's Heisman Tropby, hit wide receiver Rodney Feaster with a 30-yard scoring pass late in the first quarter to overcome a 3-0 Ohio State lead. He then found tailback Roosevelt Smith with an 11-yard scoring pass late in the third quarter.

It was the third consecutive seaspm that Michigan — which fin-ished at 10-1 and shared the Big Ten championship with Michigan State at 7-1 — beat Ohio State in the game that decided the confer-ence representative in the Rose

Ohio State, which wound up the regular season 7-3-1 and 6-2 in league play, will meet Clemson in the Gator Bowl.

The Buckeyes, who have not scored a tnuchdown in the last three games against Michigan, had several scoring opportunities, but a combination of a tough Wolverine defense and Ohio State mistakes kept them from crossing the goal

The two touchdown passes by Leach, who completed 11 of 21 passes for 166 yards, were the 46th and 47th of his career and in-creased his NCAA record of touchdowns accounted for by passing and running to 81.

Michigan State 42, Iowa 7

At East Lansing, Mich., quarter-hack Ed Smith threw three touchdown passes and tailback Steve Smith scored twice as Michigan State ended three years of NCAAimposed probation and captured a share of the Big Ten title with a 42-7 triumph over lowa.

Because of the prohauon, Michigan State is ineligible for a bowl

Smith hit flanker Kirk Gibson with a 54-yard touchdown pass on Miehigan State's third play of the game, touching off the kind of scoring romp that has given the Spartans their most successful season

Michigan State finished the seawith an 8-3 overall mark and a 7-1 Big Ten record, good for a first-place tie with Rose Bowl-bound Michigan. Iowa, whose head coach, Bob Commings, said earlier in the week that he expects to be fired soon, sagged to 2-9 on the year and 2-6 in conference play.

Purdue 20 Indiana 7

vereen kicked two field goals to So often, though, you see the quarterback drop back and begin to give Purdue a 20-7 victory over Indiana and regain the "Old Oaken Bucket."

s. Every pass has to be timed.

fidget. He throws the ball and im-

through when be throws, it will

leave him in a half-crouch with both knees flexed. Then if he's hit,

the knees will give with the shock

direction and then throw in the

field and see the receivers on the left and right. When you can do that you can fake to the right with

your head and right foot, then drop

Till the Last Instant

"Ideally, the quarterback wants to get rid of the ball as soon as pos-sible but some of them try to wait

till the last split second. It gives me fits to watch a guy wait and wait and wait while a receiver gets open,

and when he finally throws, the de-

fense has caught up and the receiv-

is the injuries, the unnecessary inju-

ries. If you ask a player today how often he practiced falling on the ball he'd think you were off your

trolley. All over the country the

kids are doing what comes natural-

ly, and winding up in the hospital.
"When I had summer camps for kid quarterbacks, I'd tell them, 'Be

selfish. Take care of yourself first"

Transactions FOOTBALL

SAN FRANCISCO 49ERS--Signed Ricky Odorr

MIAMI DOLPHINS-Placed guard Ed New

HOCKE

cing Pat Kelly.

SOCCER

CHICAGO STING-Purchased the contract of

"What bothers me most, though,

er is covered.

back and throw to the left.

and got smaller.

Purdue's quarterback, Mark spectator in the park, craning to see Herrmann, who was injured early if the pass is completed. He's standin the Michigan game a week ago ing up there at his full height with and listed as questionable for this contest, played the entire game, completing 9 of 18 passes for 135 his left leg extended and one of those monsters hits it. The knee is

Purdue finished the season at 8-2-1 and was 6-1-1 in league play. Indiana was 4-7 overall and 3-5 in

and be won't be hurt. "The rushers are converging on the spot where he stands in the North Carolina St. 24, Virginia 21 At Charlnttesville, Va., sophomore Curtis Rein, the brother of North Carolina State's coach, re-

pocket. His follow-through takes him a yard ahead of that spot, and turned a punt 50 yards for a touch-down with 4:57 left to give the Wolfpack a come-from-behind 24in the crouch be's six inches shorter than he was. The target has moved "How often do you see a passer fake with his bead? Only on screen passes, 1 think. When he has the 21 victory over Virginia. screen set up be may look in one

Rein's touchdown came just four plays after the Cavaliers, 2-9, stopped the Wolfpack, 8-3, on downs just inches from the goal other. I bave pretty good peripheral vision. I could look straight down-



Mike Slemen of England (white jersey) moves in on the ball and on Gary Knight of the All Blacks, backed by Brad Johnstone.

All Blacks Triumph Over England, 16-6

LONDON, Nov. 26 (IHT) — The polished All Blacks hammered England's rugby forwards, shredd-ed its backfield and chilled a full house of 70,000 at Twickenham yesterday. New Zealand's winning score of 16-6 could have been much

bigger.
Since November last year when they played in Paris, Graham Mourie's All Blacks have one beaten France, Ireland, Wales and England without allowing a try.

The three test-match victories in the present nine-week tour of Britain and Ireland mean that these New Zealanders are almost certain to become the first All Blacks since tours to the British Isles started in the winter of 1905-1906 - to achieve a grand slam of four test

Scotland will decide it on Dec. 9. a week before the tour ends. It is 40 years since the Scots beat Ireland, Wales and England in the same season - as New Zealand has just

A brisk, clear morning turned into a cold afternoon of gathering cloud, and the sun soon dropped behind Twickenham's West Stand. In the north wind, All Black pressure and English inadequacy were as relentless as the interminable

England's points came from a drop and penalty goal hy fullback Dusty Hare in the first half-hour. His third and last shot, a penalty kick from afar after 29 minutes in the second half, bounced back off the crossbar. Compared with nas unce attempts Zealand was able to make 10 (7 penalties and 3 drops), a statistic that tells succiontly who had the territorial advantage.

Hare's drop, from 40 meters after a lineout penalty, was all the reward that England deserved for a strong start that was patently not strong enough. England lost and New Zealand won their first lincouts, respectively. England was in trouble at its first scrum. English hooker Peter Wheeler was offside at a ruck under New Zealand's posts, setting the pattern for 88 minutes of English errors-when-it-

Mew Zealand made mistakes, too - as when center Bill Osborne wasted a monumental overlap early on, or when fullhack Brian McKechnie missed two easy penalty kicks in the first 23 minutes. But no matter. Twickers was a jumbo jet packed with art lovers — and the doglight on show was Black Chopper vs. The Featherstone Kite Openwork Basket-Weave Mark Two Gentleman's Flying Machine. scheduled.

Both New Zealand's tries came from politely offered ball at Eng-lish lineouts. Lock Frank Oliver stomped through after 19 minutes; McKechnie missed the conversion. Prop Brad Johnstone lunged through after 37 minutes; McKechnie kicked the conversion. Score at halftime: 10-6 for Chopper. Ominously indeed, the first of

the game's nine interruptions for injury — there were no replace-ments; Scottish referee Norman Sanson added four minutes of injury time to each half — was for Rog-er Uttley, the former English captain who was resuming international play after a full season missed with spine trouble. He seemed a shadow of the inspirational leader of two seasons ago.

The All Blacks were everywhere, singly or, most often, in imstoppable bunches, as the circumstances required. Aside from much of their rucking and lineout work, and the line-kicking of flyhalf Doug Bruce. they did little worth remembering.

The latest threequarter fad is to bring the wings into the line. Stu Wilson and the eternal Bryan Williams do this trick as well as anyone, but it makes for 13-man congestion and not the 15-man rug-by that coach Jack Gleeson so elo-quently affects. But perhaps be is talking about 14 flankers and a kicking flyhalf.

In the second half, if it must be told, McKechnie kicked two penalties and missed one, Williams missed one, Bruce was not even close with two attempted drops, and England's Hare hit that crossbar. One supposed that many of the 70,000 passengers were sorry to have wasted their time, not in mention the millions around the world who watched on television. Yet this match bad looked like

perhaps the best that world rughy could offer right now. And when the French go to New Zealand in June, the All Blacks (who lost the first test before winning the second one on France last year) will tout an imaginary world champioo-

Said French prop Robert Paparemborde: "It wasn't much of a match, but I'm glad a lot of Frenchmen watched it. Now they know France isn't so bad."

Skiers Get Snow

VAL D'ISERE France, Nov. 26 (UPI) - Relieved organizers of the World Cup ski competition watched winter's first snow falling heavily bere today and announced ing worth about \$600 before the that the opening races of the season match against Levski Spartak of would be held Dec. 6 10 10 as Bulgaria. Gordon would not com-

Rams Are Upset By the Browns

CLEVELAND, Nov. 26 — Brian Sipe hit on 15 of 23 passes for 246 yards and a touchdown and Greg Pruitt ran 57 yards for another score today to spark the Cleveland Browns to a 30-19 National Football League upset of the Los Ange-

The Browns, who had not beaten Los Angeles since 1963, spotted the Rams a 3-0 lead in the first period but bounced back with a 41-yard field goal by Don Cockroft and a 9yard scoring run hy tight end Ozzie Newsome to take a 10-3 lead.

After Frank Corral's 46-yard field goal in the first half, the Rams moved 76 yards to the Cleveland 2yard line with quarterback Pat Ha-den leading the drive with a 22yard run.

But the Browns' defense stiffened and three plays later the Rams were back on the Cleveland Rams were back on the Cieverand 16 when John Cappelletti lost a yard on a run. Haden was then dropped for a 3-yard loss and wide receiver Billy Waddy was called for offensive interference after taking a Hayden pass in the end zone.

Cleveland tackle Earl Edwards blocked a Corral field goal attempt and the Browns moved 63 yards in six plays, with Mike Pruitt going over from a yard out with 59 sec-onds left in the first balf to give the Browns a 17-6 lead.

Jets 24, Dolphins 13

At Miami, Matt Robinson had the best passing day of his career and Boh Griese was intercepted three times and lost a fumble as the New York Jets dealt the Miami Dolphins a 24-13 loss and a severe hlow to their playoff hopes.

Robinson, a second-year pro, completed 17 of 26 passes for 257 yards, including a 33-yard touch-down pass to Wesley Walker. Darnell Powell scored on a three-yard run and Kevin Long added a two-yard touchdown plunge for the

A Boh Martin interception in the third quarter set up Long's touch-down, giving the Jets a 17-6 lead. Joe Pellegrini's recovery of a Griese fumble in the fourth quarter set up Robinson's pass to Walker, The loss, the second to the Jets,

College Basketball

TOURNAMENTS TOUR NAMENTS
Seawolf Classic
Texas A&M 54, Indiana 49
N. Cara. St. 91, Peoperdine 42
Brown 11-04f Yoursel
New Hampshire 58, Brown 56
Stena 75, Noriheastern 70
Virginia 179-04f Tourse
James Madison 82, Gea, Washioo
Virginia 81, Va.-Commonwealth &
Lapchick Memorie
St. Johns 108, Wagner 91
Alabama 110, American 87
Spider Classic

Spider Cla docbili 70. Richmond 59 New Orleans Class
N. Texas SL 85, Tenn. Tech 83 Fairfield 58, New Orleans 51 Charlotte Lavita Long Island 81, Canisius 79 Davidson 84 Connecticut 81

dropped Miami to 8-5. The surpris-

ing Jets boosted their record to 7-6. Griese, replaced by backup Don Strock in the final eight minutes, finished with 14 completed passes in 25 attempts, for 112 yards.

Pat Leahy kieked a 19-yard field goal for New York, and Garo Yepremian kicked field goals of 46 and 38 yards. Strock completed a 13-yard touchdown pass to rookie tight end Bruce Hardy in the final two minutes.

Falcons 20, Saints 17

At Atlanta, Steve Bartkowski a 5-yard touchdown pass m Jim Mitchell with five seconds remaining in the game as the Atlanta Falcons defeated the New Orleans Saints, 20-17.

The scoring play capped a 72yard drive on seven plays that started with only 53 seconds left in the game and lifted the Falcons to an 8-5 record for the season.

A pass interference call on Maurice Season and additional of the Season Maurice Season and Apass and Apass of the Season of the Season Maurice Season of the Seaso

rice Spencer of the Saints in the end zone gave Atlanta the ball on the 1-yard line with 10 seconds remaining Ralpb McGill had intercepted Bartkowski's pass on the interference call, which produced a

24-yard penalty.
The Saints, 5-8, scored on a 71-yard pass play from Archie Manning to Larry Hardy, a 28-yard run by Chuck Muncie and an 18-yard field goal by Steve Mike-Mayer.

Two weeks ago, Atlanta trailed 17-6 with one minute remaining and scored two louchdowns, the last on a tipped pass play that covered 57 yards from Bartkowski to Alfred Jackson. That also was a 20-

Bills 41, Giants 17

At Orchard Park, rookie Terry Miller ran for 208 yards and two touchdowns to pull the Buffalo Bills out of a four-game losing streak with a 41-17 victory over the New York Giants.

Miller, the Oklahoma State running back who was Buffalo's top draft choice, capped the first 100-yard-plus day of his hrief NFL ca-reer with a 13-yard touchdown run nine seconds before the end of the game as the Bills handed the Giants their fifth consecutive defeat. Miller, who carried 21 times as Buffalo rolled up 366 yards on the ground, scored his first touchdown on a 39-yard dash around right end

with 3:30 left in the game. Those touchdowns marked a 27point final quarter as the Bills ral-lied from a 17-7 deficit early in the

Roland Hooks gained 115 yards in 12 carries to give Buffalo two backs who gained over 100 yards each for the first time in two years. The Bills fell behind by 10 points with 5:54 gone in the third quarter when Joe Pisarcik connected on a 19-yard touchdown pass to Doug Kotar. From then on it was all Buf-

Scottish Soccer Referee Suspended Over Gifts

GLASGOW, Nov. 26 (AP) — Jnhn Gordon, a Scottish soccer referee, faces a possible life ban for allegedly accepting gifts from AC Milan before a UEFA Cup game.

The Scotush Foothall Association has suspended him - together with linesmen Rollo Kyle and Da-vid McCartney — until its referees' committee has considered the matter. Meanwhile, Ernie Walker, secretary of the Scottish association. said he was astonished at the leniency shown by UEFA toward AC Milan, which was fined \$11,000.

Gordon, Kyle and McCartney allegedly were taken nn a shopping trip hy AC Milan and given cloth-ing worth about \$600 before the ment on the matter, but British reports said he has refused to send the clothes back. Milan defeated Levski, 3-0, in

the match refereed by Gordon last Walker said, "The rules about taking gifts are quite clear. Gifts must only be accepted after a match is over and must not be excessive. I have spoken to the three officials, and the referee confirmed that he and the linesmen

In Milan, officials of the club announced that they will discontinue the practice of giving "courtesy gifts" to referees and officials of opposing teams.

received these gifts."

"It was a common policy of Milan and other European clubs to give courtesies to referees and club officials before cup matches," Felice Colombo, president of the Milan club, said.
Colombo added that he had nev-

er thought that a gift could change the outcome of a game.
"We presented a silver plate to

the president of Levski and never thought this would have induced the opponent team into playing less hard to beat us," Colombo said.

NBA Standings EASTERN CONFERENCE

Friday's Results Boston 109, New York 98 New Jersey 103, New Orleans 100 Philodelphia 134 San Diego 120 Nashington 113, Los Angeles 15 Deirol 119, Atlanta 117 jet) Cieveland 164, Indiano 99 Phoenix (20, Rousten) 12 Chicago (10), Pertiand 99

Denver 163, Seattle 169

Solurdar's Resolt New York 193, New Orleans % Allanta 197, Las Angeles 193 Milwastee 127, Philodolphia 126 Son Antonio 151, New Jersey 119 Son Diego 87, Konsos City 86 Scattle 116, Denver 16, Partiand 127, Houston

Ilie Nastase supports himself with one hand while returning a shot to beat Victor Amaya in a Japanese tournament.

Fleming Downs Panatta for Bologna Tennis Title

BOLOGNA, Nov. 26 (UPI) — Peter Fleming downed Adriano Mational Hockey Longue COLORADO ROCKIES—Named Aldo Guidolin Panatta, 6-2, 7-6, here yesterday to Panatta, 6-2, 7-6, here yesterday to smashes and consistent volleying, win the singles title in an Italian in- Fleming quickly established his door tennis tournament. North American Social Langue NEW YORK COSMOS—Purchased left bock Francisco Das Chagas Marinhe from Flumi-

Fleming, whose defeat of John

MeEnroe in Friday's semifinals

was the biggest surprise of the tour-

nament later teamed with McEn-

roe in the doubles to defeat Tonino

dominance over Panatta.

Connors Wins

nament Pat DuPre and Victor Amaya ing the first-set tie-breaker in the Using strong serves, frequent won the men's doubles title by finals of the Philippine Internationbeating Nastase and John Austin, al tennis tournament.

Noah Beats Feigl

Zugarelli and Roger Maillet, 6-1, 6- men's singles title in a tennis tour- 0, here today after the Austrian

TOKYO, Nov. 26 (AP) — Jimmy Connors beat Ilie Nastase, 6-2, 6-4, today in Kobe to capture the nick Noah beat Peter Feigl, 7-6, 6-5 sional 20 months ago.

The victory was Noah's first maior one as a pro." I feel happy for my victory but it is very unfortunate for the crowd," said the 18year-old Noah, who turned profes-

player sprained his right ankle dur-

III Kolum fet of Texas.